



Escape from project hell

Managing large projects is a challenge for any IT organisation—but the global and regulatory challenges faced by many large financial services businesses are in a class all of their own.

Angus Kidman talks to one expert practitioner to gather tips on improving organisation-wide project management.

Dr Barry Flower's official title is global head of e-commerce IT within the Corporate, Investment Banking and Markets (CIBM) division of global finance giant HSBC. In practice, Flower is responsible for orchestrating the information technology requirements for a range of high-end business banking tasks.

In that role—which originated in Hong Kong but has since moved to HSBC's futuristic global headquarters in London's Docklands-former Sydneysider Flower spends much of his time trying to better organise the various projects required by those divisions.

The challenge is considerable: HSBC has more than 10,000 offices operating in 76 different countries, and e-commerce has become an increasingly crucial element in its service delivery.

Over the past four years, HSBC has devoted considerable effort to streamlining and standardising its various IT projects, in order to escape the all-too-common tangle of Excel spreadsheets, Microsoft Project files, and randomly formatted progress reports. Flower shares the lessons HSBC has learnt along the way.

Set some clear ground rules for how to manage projects. While small-scale tasks may not need detailed management, as projects (and associated

risks) get bigger, a clear methodology is essential. Many businesses still fail to recognise this. According to a recent Forrester Research study, even in organisations which have dedicated project management offices and mandate the use of particular tools and methodologies, more than one in four fail to make use of those mandated systems.

HSBC is keen to avoid the same trap. "Overall we've adopted a risk-based project methodology (RBPM) for the group," Flower explains. "Once you go over a certain project size, you have to use the RBPM."

Use standardised systems where appropriate. A core part of that approach is the requirement to use defined project management tools,

Three keys to selecting the right vendor for your next project

In the organisations that are growing, the IT department is always stretched to—and sometimes beyond—capacity. Learning how to find the right help from the sea of vendors wanting to take your company's money is a necessity. The challenge is in sorting out what things are and should be important and which ones are not. Here's some help.

Why finding the right vendor is important

The process of selecting vendors is not necessarily a long one if done correctly. Finding the right vendor who will partner with you in your growth is something that simply has to take time so you can get to know them. The alternative? Quickly choosing vendors and replacing them when they don't work out, has its own set of challenges.

The first challenge is that you're not promoting continuity, which means more frequent direction changes. These direction changes may be small but they can add up. You may find one vendor leading you down an IBM WebSphere/Java development strategy and a year later you may be led down a Windows/ASP.NET strategy. Constant churn of vendors also means more retraining as each vendor must learn your environment. It's only a handful of hours for each vendor but they add up.

The second challenge comes when you have exhausted the potential vendors. Organisations sometimes "burn through" all of the consulting companies in a town and are faced with the fact that it is difficult or impossible to get support for their needs because no consulting company in town has had a good experience with them. As a result, they refuse to work with the organisation or they

charge them premium rates.

The third challenge is the added risk that you take on by having so many people you don't know well working on your systems. They can potentially create security vulnerabilities, crash servers, steal corporate data, or destroy data. The risk of bringing people in is a healthy, necessary risk but one that should be managed. Changing vendors often can only exacerbate this risk.

Here are a few tips to helping to ensure that you select the right vendor the first time.

Seek critical mass. When selecting a vendor, look for one that has "critical mass" in the area you're seeking. Critical mass is the point at which there is enough of something that it becomes self-sustaining. If you're hiring a SharePoint consultant, make sure the guy that you're getting isn't their only SharePoint consultant.

Many times vendors will try to buy their way into the market. They try to gain market share or the ability to perform a kind of service to see if the market makes sense for them. While the initial price may be enticing, what are you going to do if they decide not to stay in the market? The costs of changing to a new vendor—and finding the right new vendor—may quickly outweigh any small cost advantage that you gained by working with someone buying their way in.

Get what you expect (pay for). There are two ways that you can find yourself in a bind when it comes to getting what you expect. First, you'll find that the vendor replaces the people that they listed in the proposal with others. Sometimes this is innocent enough. The person they proposed was swallowed up into another deal be-

rather than choosing different tools for different projects. "There's a tool set that you have to use and it is quite restrictive in terms of what you can do—for good reason," Flower says. "You're trying to manage a huge budget, a lot of projects, and many tens of thousands of people."

One of the most visible problems in this area is generating consistent reports. "There's a big issue in communicating progress to the business in a meaningful and effective manner. You can have IT project managers write ad-hoc reports in

Word and Excel and send them out, but then they spend over 50 percent of their time formatting them, and depending on which business manager happens to be thinking about the issue that day, you can see a completely different report."

To Flower, this is disruptive on several levels. "One of our main objectives was to reduce the burden of reporting, which has a real cost impact. When you see different formats across many different projects it's frustrating, and you're not seeing real value from your IT department."

Don't assume a single tool will solve all your problems. HSBC has worked hard to standardise reporting processes and project management within the IT department, but Flower doesn't believe that approach could be replicated across the entire organisation or within a single software package. "Business and IT realised they needed to improve the overall process, and that it doesn't have a single solution," he says.

"If you want to get one tool that is soup-to-nuts for project management, it's just not possible. Temper your

fore you could get all of your contractual steps out of the way. Other times they include resumes of people who are never available for your project at all. They are people who are already fully engaged other places. They do this to get your agreement that they have the right people for your project—which they may have. The question becomes whether you can get those right people to work on your projects or not.

Getting the right people on your project is a matter of insisting that you get agreed upon people through the negotiation stage and into the contract. If they're unexpectedly swallowed up on another project, you will have the right to approve the resumes of the people they intend to replace them with.

In addition to the challenges of last-minute changes to staffing plans it's always important to do informal background checks. Calling a company's references should go well. After all, these are the people that the potential vendor has recommended. However, sometimes it's better to find people who've worked with the company before who aren't on the reference list—particularly those whom you know or have a relationship with. They're the most likely to give you the balanced story of the strengths and weakness of the organisation. In some cases you may even be able to do this with the people who are slated to be on the project. This will help you clearly understand what to expect and allows you to plan what that will mean to your project.

Select strategic. Because of the importance of selecting the right vendor and the potential costs and risks of the wrong decision, it's critical to find long-term fits.

The vendor you select must be interested enough in your organisation and the things you're doing to be willing to work with you as you learn and grow. That means that you should be a large enough customer to them to command their attention. If you spread out your work with several vendors and don't really develop any repeatable pattern of work, they won't really become a partner in helping you reach your goals, because you're not helping them reach theirs. Conversely, it's risky for both of you to represent too much (say more than 50 percent) of the vendor's income. It makes them too vulnerable to temporary project delays on your end.

Everyone talks about vendors as partners. However, there's no common understanding of what that means. Partnerships with vendors require that both you and the vendor work together to create situations that are beneficial for both organisations. Finding a partner is about finding a vendor who will be open with you and conversely finding someone who you can be open with—where you can honestly discuss your needs and the vendor can try to find the best solutions for your needs.

The way that you can determine whether your vendor relationship is developing into a partnership is to ask yourself if you're holding anything back from the vendor? Are you holding back how much is in your budget? Are you holding back the other needs that you don't think they can fill? If you're holding these things back, then it's good evidence that you don't feel like you have a strong partnership yet.

expectations and understand what you're looking for.”

Despite utilising two specialised enterprise project management packages for tracking company-wide goals (see ‘A tale of two tools’), many divisions still utilise Microsoft Project to ensure efficient use of local resources. Beyond that remains a realm that is much more difficult to measure: “Excel is still the world's leading project planning tool.”

Learn to take a big picture view. “What I'm really after is not a detailed schedule, but a collaborative

**“One of our
main objectives
was to reduce
the burden of
impact”**

agreement on the project milestones,” Flower says. “You've got to change your mindset a little to achieve that.”

Part of that mission requires distinguishing between the different levels of planning needed for any large-scale IT project. “You need to decouple high-level project plans from low-level project plans, because those two tasks have different objectives.”

Consider the benefits of application hosting. The application service provider (ASP) model has had something of a bad name in recent years, but Flower found a hosted

A tale of two tools

Even just within its e-commerce operations, HSBC has two specialised project management tools running in parallel. “At the IT operations level, we use Niku for time management and planning. Every IT person has to use that and accordingly all projects go into that particular system. It’s quite heavy but it’s necessary.”

However, Niku has some limitations. “It doesn’t actually provide us with the capability of communicating and collaborating on project plans that’s necessary for global projects; it’s focused more on what’s happening on an operations level,” explains Flower.

For tracking big-picture goals and communicating information

to other participants such as external contractors, HSBC uses the hosted TeamFrame system from Australian developer Crux Cybernetics. “It’s a much lighter product, especially from an IT point of view,” he says. “It doesn’t define any particular process methodology, it really is about collaborating on a schedule and then being able to easily produce a series of reports and get some interesting management information out of that.” Each product complements the other, he argues, with Niku providing detailed resource allocation and TeamFrame giving a broader view of overall projects. The latter is especially useful for co-ordinating different departments or external suppliers.

model for project management offered immediate benefits. “One reason for that was I could start a trial immediately, whereas if you do it internally, it would have taken over a year.”

Using a hosted system also makes it easier to integrate external contractors into a project, as they can access a secure system with no risk of also seeing other business-critical data.

Carry out due diligence. When using small suppliers in specialised fields such as project management, it is critical to ensure they will be around to support your projects long term. The due diligence process at HSBC takes several months, and includes extensive assessment of company security structures as well as financial probity checks.

Despite that, Flower argues there are clear benefits to working with

small, specialised software houses, and cites HSBC’s success with local developer Crux Cybernetics as an example. “People now understand that the size of a company is no protection against it going bankrupt. And Crux is a lot more flexible in their ability to respond to us—we’re an important customer to them.”

Be careful in defining project scope. While HSBC’s e-commerce division has a global mandate, it remains largely focused on regional goals. As Flower explains: “Most of our projects are regional because, like most organisations, when we do big global projects we get into a lot of trouble, so we’re trying to work out the best way to approach that. There’s no template to deal with that in the industry yet; everyone struggles.”

One difficulty in achieving that balance lies in reconciling the global

nature of big business finance, and the necessarily restricted view of most IT divisions. “IT resources are tangibly local, but more and more of our projects are virtually global,” Flower says. “We need to understand how it’s being run and where those global resources are being allocated and charged.”

Pick your targets when rolling out pilots. The pilot for the central project management system at HSBC ran for six months, and Flower was careful to select divisions that would respond favourably. “Look for people who are keen and interested for initial adoption—nobody likes change,” he says. To sell the notion of the new system, Flower emphasised its ability to reduce the burden of producing reports while ensuring that they were in a standardised and easy-to-understand format.

Make sure you’re aligned with business needs. No matter how efficient your project management system is, it must reflect the overall direction of the business. Changes in the IT department won’t stick if changes aren’t also taking place elsewhere. “We’ve got a process improvement strategy going not just in IT but for the transaction banking part of the business, which is looking at six sigma as a way to improve quality,” Flower notes.

Ultimately, any IT project has to be tied into the bigger business picture. As Flower says: “We’re a bank, not a software house, and the more we focus on a core competency—the things that allow us to differentiate us from our competitors—the better off we are. Our IT resources are focused on delivering functionality that is core to banking. Project management tools aren’t, so we’re not expending resources on maintaining that stuff.” ©