Mastering Mission-Critical Projects in Financial Services

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Research Overview

As financial services executives and boards grapple with complex issues like digital customer experience, risk management, artificial intelligence, and cybersecurity, many firms are finding it difficult to manage data-intensive projects integral to their success and survival. What can financial services firms do to improve their chances of success in these critical areas?

Methodology

RGP surveyed 404 senior executives at large companies ($1 billion+ in revenue) on the challenges they have faced since early 2020 in executing critical projects in financing and accounting, risk and compliance, HR, recruiting and retention, and IT/digital. These executives were either in the C-suite or reported to the head of function or two levels below. They work for companies in the financial services, health care, pharmaceuticals/life sciences and technology sectors. Each was involved in executing or had substantial knowledge of the execution of at least one critical project in their company. We defined "critical projects" as major initiatives with a budget of at least $1 million whose goals were key operational and financial improvements. By "execution" of such critical projects, we refer to the project team and its steps in implementing the strategy of such initiatives.

404 Senior Executives Surveyed

120 Financial Services Companies Surveyed

$1B+ Annual Revenue Per Company

The challenge of mission-critical projects

Financial services executives typically think of mission-critical projects broadly — from urgent efforts to remediate regulatory consent orders to strategic transformations intended to grow the business and keep pace with technological change. They include sunsetting legacy systems, improving the customer experience, and implementing strategic sourcing systems to manage vendor risk and optimize costs. Firms are also under mounting pressure to handle tokenization and smart contracts and to monitor and disclose details related to environmental, social, and governance (ESG) factors.

Based on our industry experience, one theme is at the heart of these initiatives: data modernization. Mission-critical projects are easier to solve if a firm possesses robust data, if it understands what data it needs and why, and if the data exists in an environment suitable to compliance, risk and analytics.

In today's post-COVID era, financial services firms are having an even harder time handling complex projects. Only 15% of financial services respondents to our survey said all of their critical projects since March 2020 achieved or exceeded their goals, while one in five said fewer than 50% did so. Forty percent said meeting key project goals has become more difficult since 2020.

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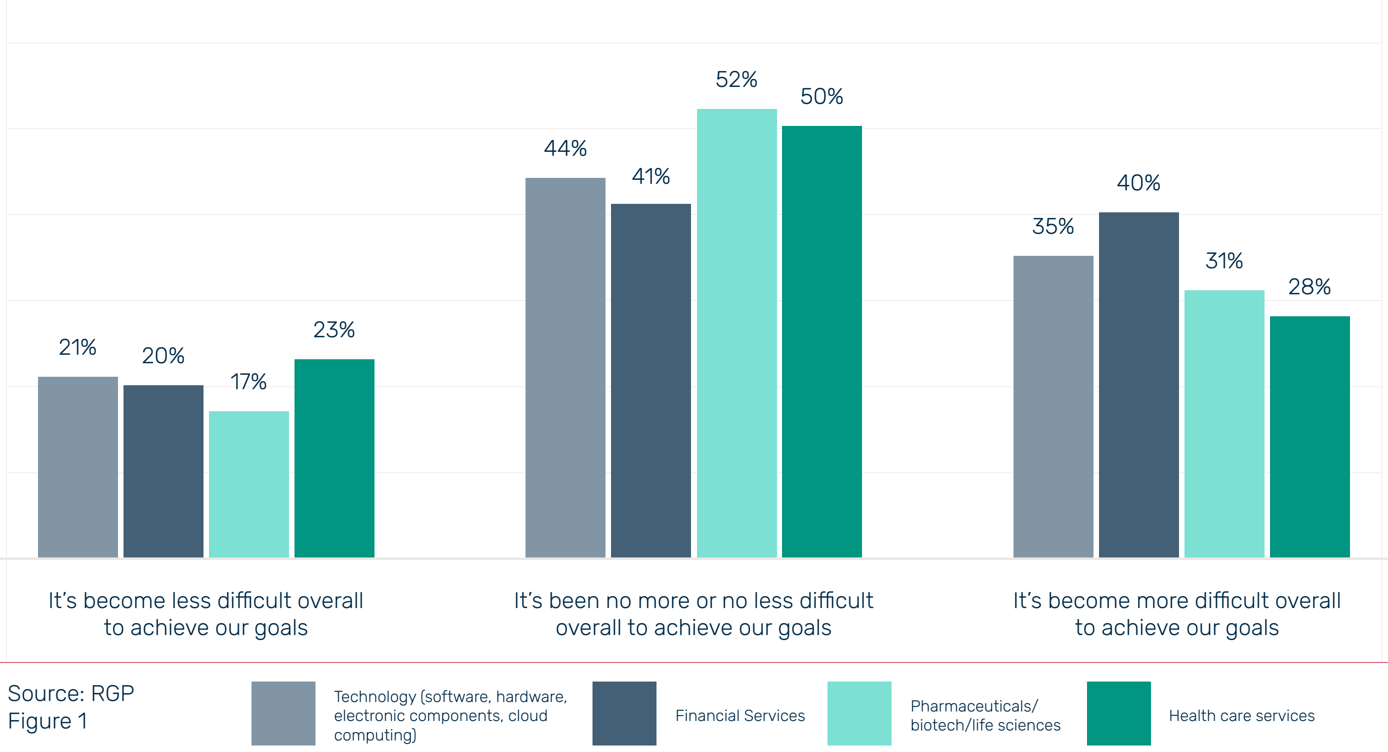
The level of difficulty in achieving key goals

Q: Which of the following statements best fits your belief about the overall difficulty of your company's critical projects to achieve their key goals since 2020?



Source: RGP
Figure 1

Survey Insights
Why is success so elusive?

Why are financial institutions finding it difficult to succeed with mission-critical projects? Respondents told us that inadequate talent is a key contributor. Seventy-three percent said a lack of capable talent in key project roles made implementing critical projects more difficult to a huge, large, or moderate degree. The only sector struggling more to attract and retain sufficient talent is technology (80%).

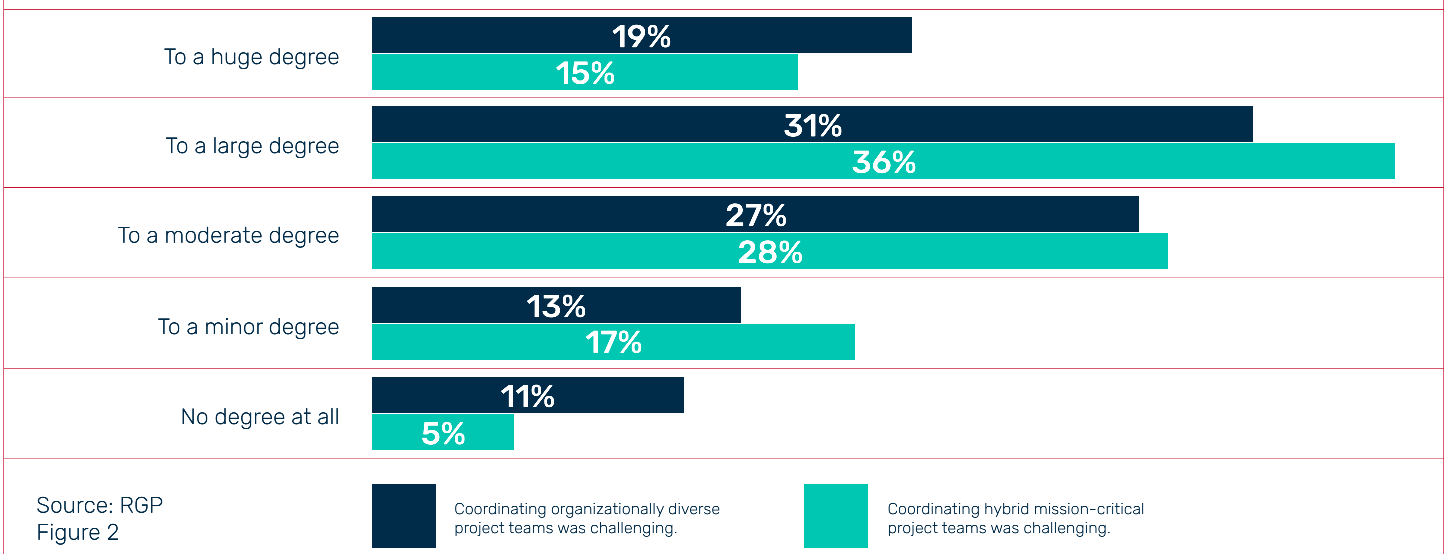
Rigidity in an economy that demands nimbleness is another stumbling block. Sixty-two percent of financial services respondents said abrupt changes in project goals during execution made critical projects more difficult to implement.

Organizationally diverse and remote teams are creating complex dynamics for project execution in financial services. More than three-quarters of financial services respondents said organizationally diverse teams made projects challenging to coordinate (Figure 2). At the same time, the survey found strong evidence that including individual contractors, professionals from staffing agencies, and other outsiders improved the outcome of mission-critical projects.

Hybrid teams (located in and out of the office) were another complicating factor. Respondents said that about 37% of team members work remotely across financial services, up from 11% before the pandemic. Industry executives reported overwhelmingly that hybrid teams either improved the odds of project success (41%) or had no impact (38%). Though hybrid teams generally contribute to positive project outcomes, they still present coordination challenges. Seventy-nine percent of respondents said coordinating teams in multiple locations made mission-critical projects more difficult to execute (Figure 2), while only one in 20 financial services respondents said that coordinating hybrid teams posed no difficulties.

In summary, to benefit from the advantages of a dynamic workforce — including a mix of in-house employees, freelancers, contractors, and external business partners — financial services firms must coordinate multiple moving pieces like an orchestra, with strong project managers acting as the proverbial conductor. This is a bold change for financial services firms and requires a new level of openness, agility, collaboration, and digitization.

Complex dynamics for project execution in financial services



Source: RGP
Figure 2

How are firms responding to these challenges?

The financial services executives who responded to our survey recognize that they must make a variety of changes to improve the success of critical projects. First, they plan to lean more on outside talent. This is prudent, given the shortage of key talent and the fact that specialized talent tends to increase the chances that a project succeeds. The vast majority (83%) of financial services executives we surveyed said outsiders are integral to the success of critical projects.

Our survey found that the best firms — those reporting that all of their mission-critical projects were successful in the past three years — have a much higher percentage of outsiders on their project teams. Project management, in particular, can be extremely demanding, and firms increasingly understand that strong project management requires specialized expertise and dedicated team members to ensure successful execution. Project management tasks cannot simply be added alongside employees' everyday responsibilities.

Financial services respondents predicted that the proportion of mission-critical project teams staffed by company employees would drop to 50% by 2024, down from 60% before the pandemic. They said the use of professionals from staffing firms and consultancies has already increased by nearly 50%, from 18% before the pandemic to 26% today. They expect the share to continue to rise to 29% by 2024.

To accommodate teams comprising large numbers of talented outsiders, most financial services executives (54%) believe they need to overhaul how they attract talent. About a fifth (19%) foresee significantly altering policies to attract exceptionally talented individuals to fill key project roles, while 35% said some changes are necessary.

Meanwhile, firms are seeking to upgrade employees' project skills. The main skills that financial institutions plan to improve are assessing and planning projects (50%), getting team members to quickly embrace major changes (40%), and knowing how to use advanced project management tools (39%; Figure 3).

Skills that companies plan to improve

Source: RGP
Figure 3

Our Recommendations

How can financial services firms move the needle?

RGP's financial services team concurs with the initiatives (discussed above) that executives are planning or undertaking to enhance the success of mission-critical projects. We agree that it is essential for projects to be staffed by the most skilled and experienced talent available, regardless of where they may come from. Additionally, many financial professionals staffed on projects lack formal project management training, so helping them acquire these skills can be very helpful.

Based on our survey findings and deep experience implementing projects across the financial services industry, we have identified several additional steps that companies can take to deliver more successful outcomes for mission-critical initiatives.

Rethink how you approach "strategic initiatives."

When faced with a critical need, companies tend to focus heavily on analyzing the problem and coming up with potential solutions. Executives get actively involved in this diagnostic phase. They retain top-tier strategic consultants, and recommendations are eventually issued to determine, from a high level, what needs to be done. Once a solution is agreed upon, project leadership is often delegated to lower-level managers or outsourced.

There are shortcomings to this approach. First, it can lead to siloed solutions that address, for instance, a single regulatory obligation or customer experience improvement rather than tackling the larger need to modernize data. As a result, a firm may end up playing whack-a-mole with disparate critical project needs rather than coming up with a firm-wide solution that will position it to thrive.

Another shortcoming: the traditional approach to strategic initiatives can frontload resource allocation and undervalue implementation. There can be too much focus on what to do and not enough on how to do it. To remedy this issue, firms can benefit from taking a more holistic approach to strategic initiatives, specifically by focusing on the firm-wide, foundational issues and by more effectively balancing resources between the diagnosis and solution. The recommendations below are key steps in achieving this.

Consider adopting a multi-vendor approach.

When faced with a mission-critical problem, financial services firms often retain a preferred consultancy to help determine what to do. Such consulting firms may specialize in strategy and have less experience implementing solutions. As such, they may have blind spots or unrealistic expectations, or they may miss a better solution. Financial services firms can often identify more efficient or effective solutions by incorporating — beginning early in the process — firms with proven expertise in implementation, project management and/or technology. These firms can help develop a realistic scope of work, particularly if they understand the industry deeply and have experience solving similar problems.

Additionally, outside vendors' experience may enable them to see beyond the immediate need, help capitalize on synergies, tackle bigger-picture projects, or avoid common pitfalls. In financial services, projects often fail because of poor data quality. Consultants focused on identifying a solution may not appreciate this, whereas those specializing in implementation would be intimately familiar with this challenge. Having the latter at the table in a multi-vendor approach is key.

Ensure you have a strong project management office

The project management office (PMO) is the prefrontal cortex of the firm's mission-critical projects, where firm-wide executive functioning is coordinated. The PMO plays an essential role in ensuring that the firm abides by our first two recommendations — that strategic initiatives are handled holistically and that teams apply a multi-vendor approach. It is a storehouse of knowledge on vendor expertise, culture, and practices.

The PMO knows which firms stick to their budgets and which firms bid low to win projects but add work orders later. The PMO coordinates initiatives across the firm to capitalize on synergies and opportunities to implement firm-wide solutions rather than addressing discrete problems individually. The PMO organizes training and procures resources to ensure that employees staffed on mission-critical projects have the skills and tools needed to succeed.

If you don't have a project management office, consider creating one. If you do have one, ensure that it is well-staffed and effective.

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About RGP

Founded in 1996, RGP is a management consulting and professional services staffing firm. Our experts help clients execute transformational initiatives across the enterprise. Today's project economy reflects our founding strategy – quickly align specialized resources for the work at hand with a premium placed on value, efficiency, and ease of collaboration.

The RGP difference

Based in Irvine, CA, with offices worldwide, our model enables top consulting talent to work differently, with radical flexibility and purpose – features unavailable in traditional consulting firms. This winning value proposition has enabled us to become the leading provider of agile consulting services. With 5,000 professionals on staff, we annually engage 2,500 clients globally, including 85% of the Fortune 100.

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