

ABCD Risk Management Case Studies

ABCD is the most effective risk management process in the World today. De-Risk is the only organisation that offers implementation, training, coaching and tool support for the ABCD process.

Assure is an advanced web-based tool that semi-automates the risk management process. Assure is the only tool commercially available that fully supports the ABCD process.

Global Bank Merger 1

A client in the financial sector was undergoing the largest merger integration ever attempted in the World. This included merging all aspects of its global business, IT and operations. At the start of the Merger the client had a traditional Risk Management system that contained approximately 20,000 issues globally. There was little or no focus or prioritisation and a general tendency to listen to those who shouted loudest.

Initial assumption analysis proved the value of the ABCD approach and a team was established to capture and analyse all key assumptions across all significant merger projects. Approximately 6000 key assumptions were identified of which 600 were considered to be at risk. From these, 50 “showstoppers” were identified that provided the initial focus. The achievement of the first major milestone in of integrating all Global Markets IT systems was met through rigorous and ongoing application of the ABCD process to all the critical IT projects across the globe. The second milestone was achieved in by extending the process to cover key business projects and hence achieve a single payment system and the legal merger of the banks. The process was extended to ensure that the key post merger projects were established and Quality Based Costing was used to ensure that the merger saves were ultimately realised.

The client has publicly acknowledged that the ABCD process was a major factor in ensuring that the merger was a success and has embedded the process as part of its on-going programme management activities. The Wall Street Journal described it as the “test book merger integration programme”.

Global Bank Merger 2 – HR Strategy

At the start of the merger there were many “issues” regarding re-organisation and roles and responsibilities. These were generally ignored as “moans” due to their non-specific nature. Thus the agreed strategy, of not announcing the new organisation until near to the end of the merger integration, was not challenged. The idea behind this was to encourage competition between individuals in the merger integration teams. Following the initial Assumption Analysis, several contradicting assumptions were identified in this area that showed that this strategy was not working. The result was that the strategy was changed to early announcement of the new organisation and carefully constructed “stay-bonuses”. The effect was that the un-healthy competition within the merger teams was significantly reduced and the teams moved forward much quicker.

Global Bank Merger 3 – IT Platforms

At the start of the merger there was considerable concern regarding the integration of the IT platforms in Asia. This was taking a lot of senior management time. Following the initial Assumption Analysis it became clear that the Asia business was a manageable risk. Further, when prioritised against all the assumptions globally, a policy of accepting risk and setting contingency was the most appropriate. This allowed the scarce IT resources to be focussed in Europe and the USA where proactive management was essential due to the critically (and visibility) of the objectives and the impracticality of contingency plans.

Government Change Programme

A government department was outsourcing a significant part of its business to a contractor. The project involved massive financial data migration, new business processes and new software development. Four months before scheduled project completion (i.e. data migration and business transfer) the contractor was considering pushing for a 6-month delay and the government department was considering contract termination.

ABCD/Assure was introduced into the project and all key stakeholders agreed to participate. The initial assessment showed that there was considerable risk caused by the lack of communication of assumptions between stakeholders. After one month plans were established to manage communications more effectively, leaving a hard-core (but relatively small number) of risks to be addressed. After two months the risk profile had improved dramatically and this progress continued such that by the go/no-go decision day there were no significant risks perceived by any stakeholders. The migration was conducted on time and the business transitioned smoothly.

Modernisation Strategy

A government department was undertaking a wide ranging modernisation programme that involved significant process change and massive IT investment. The programme had been underway for one year when the Executive Team, led by the Permanent Under Secretary, agreed to undertake a risk assessment of the departmental strategy. First the strategy needed to be extracted from policy documents until a single paragraph was agreed by all the team as clearly expressing their objectives. This statement was then decomposed into the constituent assumptions that underpinned the strategy and each stakeholder rated the assumptions from their individual viewpoint. This immediately highlighted that there was little agreement in priorities or confidence that the assumptions would be met. The modernisation programme was immediately stopped and a two month review re-prioritised and removed objectives until the new programme was agreed as “doable” by all key stakeholders.

Operational Improvement

A large international bank was undergoing significant operational problems which they attributed entirely to their outsourced services contractor. An ABCD/Assure based system was established which quickly indicated that a significant amount of risk was being created by the client groups rather than the contractor. Working together, the business processes were improved to create a far more effective operational environment. This subsequently led to a renewal of the outsourcing agreement – a result that would have been highly unlikely 6 months earlier.

IT Transformation Programme

A government department were undertaking a major revision of products and services with their IT partner. As a major transformation programme, the department were expecting their contractor to manage risk and do it demonstrably. However, the contractor was attempting to produce a picture of programme risk on a “bottom-up” basis, from the sum of the project risks. This was producing so much “noise” that the department were ready to indicate a breach of contract. An ABCD based system was implemented which quickly established a “top-down” view of the programme risks and placed all risk in a single repository (i.e. Assure) which could be accessed by all key stakeholders. With correct escalation rules established, the true programme risk picture could be ascertained from the programme risks plus the escalated project risks. The system was completely stable within two months with risk plans in place and being actioned for all risks.

The following clients have gained significant benefit from the application of ABCD/Assure

Government: Ministry of Defence (UK); Department for Work and Pensions (UK); Inland Revenue (UK); HM Treasury

Financial: Chase Manhattan; Chemical Bank; Barclays (BGI); Morgan Stanley; UBS (Switzerland); Deutsche Bank Germany); Commonwealth Bank (Australia); WestPac (New Zealand); Bank America (USA); Alliance and Leicester (UK); Societe Generale (France)

Industry: General Motors; EDS; British Nuclear Fuels; British Airways; Computershare; Rolls Royce; Saab (Sweden); Vauxhall (UK); Glaxo Wellcome; BAe Systems; BOC; Centrica; Coca Cola; LeCroy; NHS Trusts; Nokia; T-Mobile

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