

## ROCKED AND SOCKED BY IT PROJECTS

by [Steve Brown](#)

Yesterday our discussion began with a mind taxing game of 3 dimensional chess, so today we ease off a bit and remind everyone of one of the best games ever invented (albeit much less challenging) - Rock 'Em, Sock 'Em Robots. In this game, players push buttons on the end of a handle, which extends the arm of the robot just enough to punch the other robot. The goal is to hit the other robot before they get yours and punch their head into the sky. Getting punched under the chin sure sounds like the banking industry as of late, so our discussion today begins there.

Late yesterday, our own management team met in a conference room and did what teams all over the industry do. We discussed at length how to prioritize technology projects. Perhaps because there were so many divergent interests in the room or perhaps because everyone's perception is that we are behind on rolling new things out, the discussion stretched on. At the end of it all, many managers left the room wondering what really had been accomplished. These are tough times for sure and as we all know technology permeates everything, so prioritizing IT projects is extremely critical. There are many ways to begin this process.

One way we will call strategic prioritization (SP). Under SP, the goal is to boost productivity and performance by making sure each and every project on the table fits into the business strategy of the bank. This sounds simple and obvious, yet pet projects happen all the time, so constantly challenging how each project fits the plan, where it adds value and how long it will take to do so are all valuable questions to ask. Delving even deeper, using SP, banks should make sure projects are integrated into the strategic plan by prioritizing projects based on their contribution to the plan. Simply put, under SP, if a project does not further the cause in a reasonable amount of time, it does not move forward.

Another way to prioritize we will call force ranking (FR). Under FR, the goal is to get all projects on one long list so everyone on the management team can see the possibilities. This not only serves to generate additional discussion and new ideas perhaps, but it also forces the team to choose between projects. Then, once that is done, the list is further separated into bigger sections from bottom to top that transition from "dreams of the future" to "good ideas that need to be explored further" to "projects that have passed review and are now under construction." In so doing, management teams stay focused on projects that are already underway, have delivery timelines nailed down and are constantly monitoring progress. To reach this stage, proposed projects must pass a rigorous test of cost-benefit and risk-reward analysis hurdles. Once that happens, they are handed off to technology teams, who work diligently to complete the projects, so they can be launched (to either strengthen compliance, meet regulatory needs, support existing needs, entice new customers, etc.). All projects must produce bottom line results through higher revenue or reduced costs over some period of time.

Finally, bankers may want to try a grid-based (GB) approach, which is similar to FR. Under GB, banks determine the criteria to measure each project and then apply a ranking scale. This can begin with something as simple as assigning a value to how strategic it is (1=very, 5=not important), how easy it will be to complete, the financial benefit, the cost, impact on resources, etc. Banks can weight criteria, change them or shift things over time under GB as the bank's own focus changes as well. Then, once you have the list of projects, a grid is created with names of potential projects running down the first column, followed by scores for each criterion in the next group of columns. In the last

column, a final combined score is created by adding up the total scores for each project by column and then dividing by the number of criteria (or applying weighted %). Management teams are then presented with the master list of prioritized projects and everyone goes through one final round to reach agreement.

No matter which approach you use to prioritize IT projects, doing so is critical given external and internal demands. It is easy to have more projects than people, time or money to support, so punching your way through and prioritizing the list is critical to keep from losing your head.

## **BANK NEWS**

### **FDIC Assets Prices**

Two private equity firms plus Toll Brothers (home builders) joined forces with the FDIC to purchase the remaining \$1.7B in loans from the AmTrust Bank dissolution. The loans were composed of 200 SFR construction loans and various properties in different stages of completion. While price wasn't disclosed it appears to be somewhere around 24 cents on the dollar.

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