

A black banner for the PMPC 2018 conference. It features the PMI Bangalore India Chapter logo in the top left and a globe icon with "PMPC 2018" in the top right. The central image is a night view of the NIMHANS Convention Centre, a large, illuminated building with a central dome. Below the image, the text reads: "Project Management Practitioners' Conference 2018", "ARCHITECTING PROJECT MANAGEMENT for Value Creation", "July 12<sup>th</sup> – 14<sup>th</sup>, 2018", and "NIMHANS CONVENTION CENTRE, BENGALURU".

**Project Management Practitioners' Conference 2018**

ARCHITECTING PROJECT MANAGEMENT for Value Creation

July 12<sup>th</sup> – 14<sup>th</sup>, 2018

NIMHANS CONVENTION CENTRE, BENGALURU

## **Project Management - Smart Practices in Regulatory Projects**

Smart Practices

PMIBC-18-4-011

*By Ankur Purohit, Senior Project Manager  
Danske IT and Support services India Pvt. Ltd*

## CONTENTS

Abstract.....	3
Introduction .....	3
Key Challenges in Regulatory projects.....	4
Strategies - Get in Control & Deliver on Time .....	5
Lessons Learnt .....	8
Benefits of Applying Smart Practices .....	9
Success factor .....	10
Conclusion .....	11
References .....	11

## ABSTRACT

Regulatory compliance projects are governed based on the standards, guidelines and laws imposed by the regulatory bodies or government organizations. With the increasing fraud, data theft and unsocial activities, the new regulations and compliance have become stricter; hence as a Project Manager, it becomes important to understand the nuances and complexities of handling the compliance project and be creative.

The challenges start very early while defining the scope, as the rules and guidelines of the compliance projects are very hard-to-interpret. The nature of regulatory requirements involve huge coordination within and outside organization with the stakeholders, hence it is critical for the project managers to respond quickly to the changes, keeping the key stakeholders involved and satisfied. The compliance project requires multiple teams within the organization to work together to achieve the common goal of compliance but the challenging part is to get this initiative prioritized across the teams or departments. The project manager should strive to get the commitment from the top management in the early stage of the project.

The regulatory compliance has a definite date to be compliant, hence meeting the non-negotiable timelines for the compliance project is very critical and the extensive stakeholder management further adds the complexity. I would elaborate in the final paper, the challenges and the complexities that one can expect in the compliance projects and how Project Managers can counter them by applying the smart practices and creativity.

## INTRODUCTION

The regulatory projects are of paramount importance to an organization as they give the directions or practices that are considered ethical and acceptable by the laws. Not complying with the regulations may expose the vulnerabilities towards the attacks with the cybercrime increasing at a global level and threaten the trust of the customers, which brings the reputation and image of an organization at stake. Still being so critical to the organization, the regulatory projects are often considered an additional burden due to the complexities involved in managing such projects and the constrained timelines. Implementing the regulatory requirements is a humongous task as it involves various challenges from the very early stage until the compliance is achieved. The challenges do not end here as maintaining the compliance continuously in future is also difficult. Despite the various challenges posed by the regulatory project, it is important to be creative in efficiently managing the regulatory projects by applying smarter techniques but still achieve the optimal compliance. This paper will cover the challenges in the regulatory projects and the smart ways of managing them.

## KEY CHALLENGES IN REGULATORY PROJECTS

### 1. Requirement Interpretations

The regulatory requirements are usually hard-to-interpret laws and guidelines, which are not articulated in a very simple terms, and they could be interpreted very differently, which is a big risk to the project and the organization. If this interpretation is wrong, the whole objective of executing the project will not be met, involving precious cost, time and resource wastage. The interpretation of the requirements, if applicable on multiple industries, should be done with respect to a particular organization (e.g. Bank) and not on a generic level. It is important to involve the legal experts, compliance officer and financial regulators in interpreting the requirements, understanding the impact of the regulation on the organization and defining the scope of the compliance.

### 2. Scope Definition

It is not easy to define the scope in a regulatory project. The regulation is usually applicable to the whole organization and very few sections of the organization are not impacted. For defining the scope, the business processes need to be understood. If the business processes are not documented, it makes more difficult to define the clear scope without involving the process owners. Usually, there are multiple business process owners and it is rare to find single or few people having the overview of all the processes, makes it more challenging to identify them and understand the process. There is always a risk of scope creep, if any of the process owners is not identified. Hence, the systematic approach should be followed to define the scope in the regulatory project.

### 3. Non-negotiable Timelines

Time is a biggest constraint in the regulatory projects, as the regulation has a mandated prescribed date to be compliant. The delay could lead to non-compliance results in fines or penalty; hence, the planning to define the scope of compliance and the steps to achieve within the timelines is most important in the project. This involves accurate strategies to achieve compliance as well as very close monitoring of the progress throughout the project and identified backup action plan, if things are not moving as per the plan.

### 4. Close Coordination

It would be a disaster if an IT and Business work in silos. The IT primarily focusses on implementing the compliance requirements on Business and IT systems, many times without considering the end-users perspective. The compliance requirements usually add an additional protection or security, which at times cause inconvenience to the customers or end-users in performing the routine work. For e.g. implementing the compliance requirements in an application used by the back office staff in a bank, may make the system compliant but with additional

controls, the back office staff takes additional time to serve the customer. Is this acceptable to the bank or the customer? The obvious answer is No. Hence, close coordination between IT and Business is required to build solutions, which are user friendly but still adhere to the compliance requirements.

## STRATEGIES - GET IN CONTROL & DELIVER ON TIME

### 1. Gap Analysis

The strategy that could be used in the regulatory projects to define the scope is the gap analysis technique in order to identify the gaps or non-compliance across the organization and make a plan to reach compliance, considering the compliant deadlines. The plan to achieve compliance should be viable as it is a critical part of the regulatory project, which sets the baseline of the project; hence involving right people in the initial phase to perform the gap analysis is the key. This could be done by an expert in the compliance area within the organization or together with an external qualified assessor with deep knowledge and acknowledged international experience on the subject. The process usually involves interviewing the subject matter experts in different areas from business and IT and review of the policies and procedures of the organization. This could be done onsite and remote or both as well. In some type of regulatory projects, it is very useful to include the audit team member or the external consultant who are experts in the core team itself, to get the instant feedback on the approach or solution and avoid rework later. The gap analysis also gives inputs to retrospect some of the processes that have room for improvements and can be easily corrected but ignored as not paid much attention to them.

### 2. Thoughtful Start

It is much smarter to take smaller steps in the regulatory projects as moving too fast may be a risky proposition. The gap analysis reveals the areas that are not in control, hence the next step is to get things in control, which could be fine-tuning the processes, create awareness of the regulation within the organization, adjustment of the accesses to be restricted only for business need, development of the complaint ecosystem. This groundwork makes easier to move towards achieving the compliance.

### 3. Early Sign-Offs

Since time is the critical parameter in the regulatory projects, the rework or failure at later stages should be avoided as possible. The better approach could be to obtain the proper sign offs in the early stages involving the regulation experts or consultant within or outside the organization, before proceeding to the next big stage. For e.g., Solution approach and design for the PCIDSS compliance could be approved and signed off by the contracted Qualified Security Assessor before the development.

#### 4. Reduce Scope & Cost

The regulatory requirements cover a vast scope and the best approach to implement the compliance or regulatory requirements is to reduce the scope possibly with respect to applications, systems, and people. Making all the systems compliant would require huge cost and time investment; hence, creativity is required in designing the solutions. For e.g., implementing the PCIDSS regulation in the bank, the approach could be to eliminate the use of card numbers as much as possible and to replace it with the non-sensitive field, say tokens to perform the same functions. This way, the scope could be reduced greatly. This also helps in a longer run as including everything impacted to the scope would be more costly in maintaining the compliance every year and keeping up with the changed regulation requirements.

#### 5. Co-creation - IT & Business

A smarter way of addressing the regulatory requirements on the business processes is to work together with the business or end-users and put an effort to map and understand the business processes. This will help in designing the compliant solution keeping the convenience to the end-users in mind. An idea could be to walk through the identified solution and any deviations (if any) to keep the compliance with the business or end-users and get the buy-in from them to avoid future disappointments.

#### 6. Choose Right Project Methodology

Selecting the right methodology to execute the regulatory project is also very important. I recommend selecting agile methodology with the purpose of achieving compliance requirements on a systematic basis and giving the highest priority to the most important deliveries. By continuously meeting the requirements in an iterative approach, it will be possible to start harvesting the benefits of the project while the project is ongoing. A waterfall lifecycle may increase the complexity in the project dramatically and the risk of meeting the project objective will increase.

#### 7. Key Stakeholders

The regulation has a wider scope across the organization and multiple stakeholders are impacted due to this. The regulatory project is typically anchored in one department and getting the continuous attention and focus across the organization is important for the project manager to achieve success. Following smart practices may help in the smooth execution of the regulatory projects:

- 7.1. **Identification** - As previously discussed in the paper, that there could be a risk of scope creep, if any of the process owners is not identified. Hence, identifying all the key stakeholders is very important step in the regulatory projects. The sources to identify the stakeholders could be the project proposal, gap

analysis, interviews of the business process owners or subject matter experts, requirements, project technical design and impact analysis, project workshops, steering committee meetings, departmental meetings, project team meetings, own past experience, contracts, etc. The stakeholder register should be maintained and updated throughout the project as and when a new stakeholder is identified.

**7.2. Obtain Commitments** - It is always a challenge to get commitment from the stakeholders of different units/departments on delivering the agreed requirements on time. The other departments may not have high focus on this particular regulatory project due to other conflicting prioritized deliveries in their respective department. To address this challenge, the strategy to include an internal audit in the scope to highlight the non-compliance issues throughout the organization. These findings may be used to influence the non-committed departments. In addition, high-level management attention could be used as a strategy as well.

**7.3. Stakeholder Management** - Managing the stakeholders is very challenging especially in regulatory projects since they involve multiple stakeholders within and outside the organization. Keeping everyone satisfied is a very big task especially to the key stakeholders who command more influence to the project and have varied interests and different need of the information, requires regular dialogues and close coordination. To address this challenge, I would recommend the use of the stakeholder involvement plan, which helps in timely engagement with the stakeholders and providing them the right information at the right time, as they need.

## 8. Monitoring and Control

It is difficult to measure the intermediate progress in the regulatory projects unlike the product development projects. There is no midway in the compliance; either you are compliant with the requirements or non-compliant. The end-result of the compliance is what matters to the stakeholders; hence, the better approach for the project manager is to define the strategies for achieving compliance in the very beginning of the project and evaluate the strategies at multiple checkpoints. One way is to perform the periodic internal audits to check if the project is heading in the right direction towards compliance. Another way, to validate the compliance solution in the early stages is to perform the Proof of Concept to check the viability of the solution.

## 9. Team Motivation

It is very important for the high performing team to be engaged and motivated. The regulatory compliance projects are typically the longer duration projects and get monotonous. Hence, the motivation of the team is another factor that has to be considered carefully, as the project team members are critical stakeholders for the success of the project. In the beginning, the team is mostly motivated as they are doing the challenging work but after a period, they found the same work less interesting. Hence, the better approach could be to reiterate and appreciate on how

the work they are doing is making an impact to the organization. The internal movement within the team could also be considered so that the team members get to work on other tasks in the project.

## LESSONS LEARNT

Some of my useful learnings while managing the regulatory projects.

### 1. Execute as a Program

We tried to execute the regulatory project as a single project anchored in one department but that posed lot of challenges in terms of getting commitment and prioritization from other areas. It also added many dependencies outside the project, which required lot of coordination and follow up effort that could have been avoided. The smarter approach could have been to run the regulatory project as a single program in order to get the consistent attention across as it affects multiple systems and business processes across the departments. The senior management buy-in is also important to achieve this.

### 2. Quest to achieve all simultaneously – may not work always

The gap analysis revealed many non-compliant areas, we wanted to achieve the compliance in all areas together, but we realized very soon that it is not a good approach especially when there is overlapping of some of the subject matter experts and the systems. We prioritized along with the business, the most critical non-compliant area and put our focus to be compliant here. This strategy has worked out very well for us as it served as a platform to reuse some of the things and apply the learnings, which resulted in quick readiness for the compliance in other areas.

### 3. Preparedness for Final assessment

It is important for the regulatory projects to conduct the internal audit with sufficient lead-time before the external complaint audit. This serves in identifying and fixing of the issues and provide readiness for the main audit. Direct assessment of the compliance by the external assessor, could be a risk as sufficient time may not be available to fix some big findings, could jeopardize the compliance.

### 4. Selection of Right Steering Committee Members

It is a better approach to have the right mix of the Project Steering Committee. The members should have the empowerment to take the decisions on behalf of the areas they belong. Usually, project managers expect the quick decisions in the steering committee for swift progress in the project, considering the timelines are very constrained in the regulatory projects.



## 5. Early Security & Risks Assessment

Risk and Security assessment by the specialized team should be done as early as possible in the project. This would identify the high risks and the magnitude of not being compliant, which could help in prioritizing the areas that need to be compliant. This also uncovers some of the hidden risks and security deficiencies in the existing systems. Hence, applying this practice in early stages is helpful to react faster.

## 6. Compliance Awareness inside the organization

Creating awareness on the regulation within the organization helps employees understand the rationale for implementing the regulation. This ensures that the future development is done accounting these regulatory requirements, if the people understood the reasoning, irrespective if they are part of the project or not. This develops a culture in the organization, helps in swift acceptance of the future regulatory projects.

## 7. Organizations Risk Appetite

Applying compliance in all areas may be very costly and sometimes organization's appetite to accept risk have to be considered. For e.g., if a system is going to be retired soon, but after careful analysis, it is found that the security controls in place are sufficient and no long history of any miss-happenings in this particular system, organizations could accept the risk to be non-compliant in some areas.

## 8. Security – an integral part

It is very costly to implement the security in the solution but the built in security is much cheaper. Often, the effort is spent in delivering the stated requirements but security is forgotten. Hence, the smarter approach from our learning is to take into account the security when building a new solution.

# BENEFITS OF APPLYING SMART PRACTICES

Some of the advantages of applying the smart practices or techniques that are discussed in this paper are -

- Applying the smart practices, ensures systematic way to achieve the compliance with thorough planning and better control throughout the project. This increases the chances of being successful.

- It not only helps in overcoming the challenges of the regulatory project but also helps in exploiting the opportunities in implementing the benefits of the compliance requirements.
- It helps in better-defined processes to manage the regulatory projects, resulting in efficient execution of the project.
- It leads to creative thinking in finding the cost effective solutions at a faster time.
- It considers the customer experience into account and develop customer friendly solution.
- Applying smart practices in the project helps in better coordination and management.

## SUCCESS FACTOR

The success factor of the regulatory projects is to not only achieve the compliance on time in a cost effective and smart manner but also maintaining it in the future years, as compliance is a continuous process as depicted in figure 1.0.



Figure 1.0

## CONCLUSION

The regulatory projects bring new challenges throughout the life cycle of the project, not all of which can be anticipated. However, the application of smart practices or strategies could change the look out towards the regulatory projects. The strategies or practices, identified in the initial stages of the project, if applied in an effective and smart way, makes the life easier for the project manager. This gives you a perspective or direction to do things more efficiently. However, it is important to monitor the strategies constantly to know if they are still serving the desired benefits and if required, alter them a little to suit the requirements.

The strategies are not prescriptive in all cases, which could be applied on all regulatory projects but they can be altered to meet your project needs. In general, implementing the regulatory requirements is a costly affair and hence there must be a high focus on achieving compliance in a cost effective manner. It may not be necessary to invest time in making and applying strategies in all the components of work, few things work more efficiently if done in a simpler way.

## REFERENCES

[1] <https://gdpr-info.eu/>

[2] [https://www.pcisecuritystandards.org/pci\\_security/](https://www.pcisecuritystandards.org/pci_security/)