

## Case Study: Euro Strategy & Programmes

Deutsche Bank AG 

 CAP GEMINI

Euro conversion strategy design & management

Euro consulting service offering development

Credit products euro business strategy review

Client euro impact assessments

 SBC Warburg Dillon Read

 Union Bank of Switzerland

Equity Products euro business & conversion strategy design & management

Impact assessment of UBS/SBC merger

 Bankers Trust

 NATWEST MARKETS

Equity Products euro business & conversion strategy impact assessment as part of the acquisition of Natwest Markets equity businesses by Bankers Trust

FINANCIAL TIMES

Sanwa International plc

Author of FT published: "Euro: Impact & Reality"

Euro Business Strategy & Conversion Programme Set-up and Management

Author of "euro programme review" in FT published "Financial Minds"

 Lloyds TSB

 Bank of Tokyo-Mitsubishi

Euro Strategy & Programme Review

Euro Impact Assessment Programme Set-up and Management

 NOMURA

 Saffery Champness  
CHARTERED ACCOUNTANTS

EMU & Euro Strategy Staff Training

EMU & Euro Strategy Staff Training

JPMorgan

 The Royal Bank of Scotland

Euro Programme External Review

Euro Strategy & Programme External Review

The challenge of the introduction of the euro was an unprecedented learning opportunity for all organisations, financial and non-financial alike. Faced with a fixed deadline and pushed by the exceptional will of many leading European politicians, the financial services sector, in many ways the ground-breakers for euro preparation, had the opportunity to evaluate their entire organisations in extreme detail...

**"The most powerful and only way to generate true value to the bottom line of the organisation is to realise the benefits of cross-functional and cross-product skills and knowledge."** Lynne Kent-Phillips, Executive Director, Business Change Management, SBC Warburg

During the last quarter of 1998, all staff from each bank had to focus their attention to the matter of euro conversion. Having delivered euro functionality in their core IT systems, financial institutions could now turn their attention to the process of converting legacy currencies to the euro. With just a short 4-day period in which to complete this massive task, on top of year-end processing, the 'conversion weekend' represented a challenge of unprecedented scale.

LESSON	OPPORTUNITY AND CHALLENGE
1. Dress rehearsals	Recognise and build upon the crystallisation of a firmwide approach through key inter-dependencies within the organisation as failure in one division could mean failure in all divisions
2. Cross-functional knowledge	Recognise and harness the significant staff learning experience of cross-functional and cross-product project activity by effectively redistributing this knowledge back into the line organisation
3. Reliance on teamwork and goodwill	Recognise and reward key staff from ALL functions through continued and ongoing investment in professional and personal development
4. Communications	Recognise and utilise key communication tools such as the intranet and 'chat' facilities to enhance both the quality and the political and motivational value of information communication
5. Project management	Recognise and capture the value of instilling a professional project management culture within the organisation for delivery of all strategic projects
6. Structured strategic process	Recognise and demand the value from timely, effective and structured strategic thinking, in particular to build long-term client relationships that allow multiple cross-selling opportunities
7. Understanding operational risk	Recognise and institutionalise the understanding of the importance of successful operations to the core business of the organisation through the implementation of global straight through processing

### Investment Bank Strategy

Whilst attention was naturally on the technical conversion to the euro at the time, leading financial institutions should never have lost their focus on strategic thinking and the development of sustainable competitive advantage. This allowed them to really build upon the investment in strategic thought early in the euro preparation process.

Deutsche Bank, for example, took an early decision to capitalise upon its leading position in the Deutschmark and 'euro zone' to capture market share. Other leading 'euro zone' banks did not have such an opportunity. The French banks, for example, were hindered by the relative strength of the French Franc vis-à-vis the Deutschmark. So they had to back the ECU which in the end proved to be a much weaker substitute for the euro than the Deutschmark...

## Case Study: Euro Strategy & Programmes

One of Deutsche Bank's key challenges was to maintain its 'euro competitive edge' by retaining its expanded market share in foreign exchange and fixed income products, whilst crucially, leveraging its strong position in the Deutschmark, and now euro, across its entire range of products. No doubt, then, that the acquisition of Bankers Trust was a key thrust in this direction.

*"Deutsche Bank's euro strategy to focus from the beginning on staff training, product development and client communication as intensely as on technical conversion was rewarded by receiving all major euro-related awards following conversion in 1999." Scott Moeller, Head of Corporate Development, Deutsche Bank*

UBS, on the other hand, had to leverage its leading position in global equities, combined with its exceptional technological and operational platform, to expand and enhance its position in other products and services. The key strategic challenge for both UBS and Deutsche lay in the art of optimising relationship and cross-product selling opportunities.

### Deutsche Bank IT & Operations Euro Programme Review

HEADLINE SUCCESS: ALL DIVISIONS READY FOR BUSINESS ON 4TH JANUARY 1999 FOLLOWING EURO CONVERSION

Other Key Successes	Identified Improvements
<ol style="list-style-type: none"> <li>1. Focus on objective</li> <li>2. Dress rehearsals &amp; conversion co-ordination centre</li> <li>3. Communication, including management information &amp; issues tracking/escalation</li> <li>4. Budget control mechanism</li> <li>5. Staff skills &amp; commitment</li> <li>6. Cross-product area awareness &amp; co-ordination</li> <li>7. Intranet sites</li> </ol>	<ol style="list-style-type: none"> <li>1. Define clear terms of reference and structure of PMO at the start of the project</li> <li>2. Empowerment of key individuals to make decisions</li> <li>3. Production of and adherence to project standards</li> <li>4. Senior management sponsorship</li> <li>5. Management of expectations</li> <li>6. Reporting methods</li> <li>7. Breaking down divisional boundaries</li> </ol>

The challenge for everyone following a programme of change, such as the euro conversion, is to embrace the lessons, utilise the opportunities and address the improvements. Long-term success requires continuous reflection and improvement.

### Financial Markets

Key lessons, opportunities and challenges such as these applied equally to the financial markets as they did to individual financial institutions. The Bank of England, for example, positioned itself as the leading provider of euro information through its Practical Issues series. This document was possibly the most coveted and sought after euro document to many finance professionals in Europe and the rest of the world. In this way, the Bank of England was able to take a lead role, providing a point of reference for all financial institutions and driving forward London's competitive advantage as one of the world's leading financial centres.

*"London's technical preparations for the euro were exemplary, as evidenced by the highly successful conversion weekend and the smooth functioning in London of the euro markets and infrastructure since. The focus is switching now from technical readiness to the strategic development of the euro markets where, given the depth and breadth of the expertise available, London practitioners are well placed to make a major contribution."*  
John Townend, Deputy Director, Bank of England

Chris Charlton, managing director of Namaste Management, worked with many financial institutions during the euro preparation and conversion period (1997-9). This included setting up and leading the euro programme for **Sanwa International**; conducting impact assessments for **Bankers Trust** and **Bank of Tokyo Mitsubishi**; carrying out programme and strategy reviews for **JP Morgan** and **Royal Bank of Scotland**; managing strategy, business requirements definition and conversion projects for **UBS** and **Deutsche Bank**; and advising on euro preparation strategy for **Lloyds TSB**. In addition, he worked with **Cap Gemini Consulting** to develop their euro service offering, which was designed in conjunction with **Citibank** and numerous other leading banks and their corporate clients. At the sharp end of the conversion weekend itself, **Namaste Management** was also instrumental in the creation and management of the euro conversion co-ordination centre at Europe's largest bank, **Deutsche Bank**.

Will the UK join the euro? Will the new members of the European Union? If so, are you and your organisation prepared? All companies are affected, not just the banks. Published by Financial Times Management, Chris Charlton's book, **Euro: Impact & Reality**, a practitioner's guide to euro preparation from strategy to IT and project management is available at

[www.namaste.co.uk/shop](http://www.namaste.co.uk/shop)