

Scalability and Analytics in Advisory

Introduction

I have prepared my Capstone Project at BlackRock's Financial Markets Advisory division. BlackRock established Financial Markets Advisory (FMA) during the financial crisis in April 2008 to provide dedicated support to governments, central banks, and then financial institutions, worldwide. It was created as a distinct business within the company, separate and independent from BlackRock's traditional asset management business. FMA has since grown to offer a wide range of services for institutions in both the public and private sector. It leverages BlackRock data and risk analytics, technology, and financial modeling capabilities while maintaining stringent information barriers and other procedures to manage potential conflicts of interest.

Consulting projects tend to be very specific in their deliverables, as clients usually have highly complex and specific problems, and thus the solution required is also very specific and complex to them. My project focused on identifying potential ways to improve scalability within FMA's ways of working. I have tried to identify the key factors which lead to an increase in re-usability of content and products across repeated project types.

Scope of Work

We have identified three key enablers for improving scalability and increasing efficiency within our work. These were tooling, processes and people, which I will describe in a bit more detail below.

First of all, regarding tooling, we need to catalogue and build out a standard models library for use across projects and service lines. The word models can be interpreted loosely. The library needs to contain every single automated operation being used in our day to day work. This can range from simple data manipulators/loaders to more complicated statistical and financial modelling engines. The way to establish this, is to perform targeted reorganisations and simplifications. Following a thorough stocktake of previously developed analytics and models, project deliverables were assessed from three key dimensions.

- Reusability of existing tooling (How much work is needed to add the model to a library?)
- Completeness of existing tooling (How many cases are covered by the existing models)

- Potential for service area scalability (How similar are the different projects looking at the same problem?)

Following the assessment, the identified next steps were to invest in further tooling and automation of service areas which have the potential to be highly scalable, and to increase the re-usability of existing tooling where it's lacking the most.

Second, the establishment of scalable processes and a sound governance framework is key. This would entail the implementation of appropriate best practices to maximise scalability across all points of the FMA project lifecycle, starting with scoping, pricing, execution, and post project practices. During the pre-project phase it is essential to involve a core team of subject matter experts into project scoping, and to make scalability a required dimension as part of a project pricing discussion. Moving on to project execution the three key practices are required to increase scalability.

- Ongoing quality control
- Enhanced documentation
- Standardisation of processes and products

As part of quality control, a dedicated subject matter expert would be reviewing and challenging the project deliverable on an ongoing basis. Enhanced documentation would enable knowledge sharing across projects and track the implementation issues during execution. The standardisation of processes and products is similar to tooling, by prioritising re-usability over complexity during the model development lifecycle.

After a project is finished, appropriate time should be taken to do debrief the model to the core analytics team, and to catalogue the technical components as well as the lessons learned in a central repository.

At last, the third key element of a scalable business model, is through increasing the scalable skillsets of people. The way this can be achieved is first, by building out a core modelling team, contributing across services, with targeted investment in specific skillset needs. Additionally, by centralising and enhancing technical training resources, and leveraging existing resources where possible in order to increase the “lowest common denominator of technical knowledge and skillsets for EMEA workforce, as well as wider familiarity with how to effectively use programming languages, and previously developed models and tools.

The core analytics team could act as an owner of the central model library and also all scalable process. Their responsibilities could include reviewing project and model proposals, providing

quality gates through frequent reviews, and transferring knowledge from project teams to the central library, along with developing the central tools and models independently.

The broader team would need to be upskilled both in analytics and scalable processes. This can be achieved through three steps

- Establishment of baseline skill levels through a questionnaire/survey
- Adopting a scalable mindset through trainings on technologies, methods and approaches
- Technical upskilling through providing access to tailored trainings to match people's aspirations

It is required for the whole team to have a baseline skillset, and to consider scalability during their work.

Conclusions

Scalability is key to thrive in today's business environment, as for knowledge work, it directly limits the potential for the business to grow. For an advisory team to increase scalability within their work, the identified enablers were to build out scalable products and models, develop a framework around scalability governance and to increase scalability-related skillsets.