Project governance

#1 critical success factor

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Project and program governance is a term that is used quite loosely in the project management community. There is a growing trend, that when a project fails, project governance seems to be the root cause for the unsuccessfully executed project. But what does project governance mean?

Project governance entails all the key elements that make a project successful. However, this is not one-size-fits-all. Project governance needs to be tailored to an organization's specific needs, and there are eight components that must be considered. These components will influence how you create and implement as well as monitor and control the governance framework on your project, program and even portfolio.

Project governance is an "oversight function that is aligned with the organization's governance model and encompasses the project life cycle," according to A Guide to the Project Management Body of Knowledge (PMBOK® Guide) – Fifth Edition (Project Management Institute, 2013, p. 34). There are two critical elements in this statement that need to be emphasized:

> Alignment with organization's governance: There needs to be an understanding of the project's environment to ensure that there is a right fit with the established organization's governance. This alignment is a crucial factor and must be considered when defining (1) the **project governance framework**, (2) **roles and responsibilities** and (3) **stakeholder engagement and communication.** These prerequisites need to be met at the onset of the project kick-off.

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How Does Governance Influence Decision Making Projects and in

Longevity, monitoring and controlling of the governance plan: These three components come to fruition during the life cycle of your project. The project/program manager needs to make sure the governance plan is implemented throughout the project and must also monitor and control the effectiveness of the governance plan. When monitoring and controlling the project governance framework, the project manager needs to ensure that there are adequate (4) **meetings**, (5) **reporting**, (6) **risk and issue management**, (7) **assurance**, and (8) **project management control processes.**

This white paper will address the following key elements of project governance:

1. Eight governance components and their applicability to the real world
2. The case study—Lack of project governance has rippling effects
3. Roles that are necessary for establishing and maintaining project/program governance
4. Why every organization needs a governance information repository and T-shirt sizing concepts for project governance
5. Final thoughts: Why is project governance critical to the success of a project?

Introduction

In recent years there has been a gravitational pull toward strong project governance. This has heightened with scandals such as ENRON, Tyco International and WorldCom. Lack of governance in these companies spawned the creation of the Sarbanes-Oxley Act (Muller, 2009). This bill is a prime example of governance, and we see it implemented every day as it provides disciplines, regulations, reporting and oversight for corporations, which further filter down to the project team within the organization. This act exemplifies governance in the truest form.

The challenge that many project managers has struggled with is how to define, validate and quantify the return on investment in establishing project governance, as well as determining how to make the project governance framework repeatable but dynamic to the project specific requirements. This is a quagmire that the project management community frequently faces: How do you make project and program governance dynamic and also repeatable?

The development and implementation of project governance is key at the onset of the project. Project governance is essentially the “recipe” for the project manager on how to manage a project. Exhibit 1 defines the eight key governance components and how they are mapped into the project management Process Groups. These eight components are mandatory and must be explored and analyzed for the success of any project.

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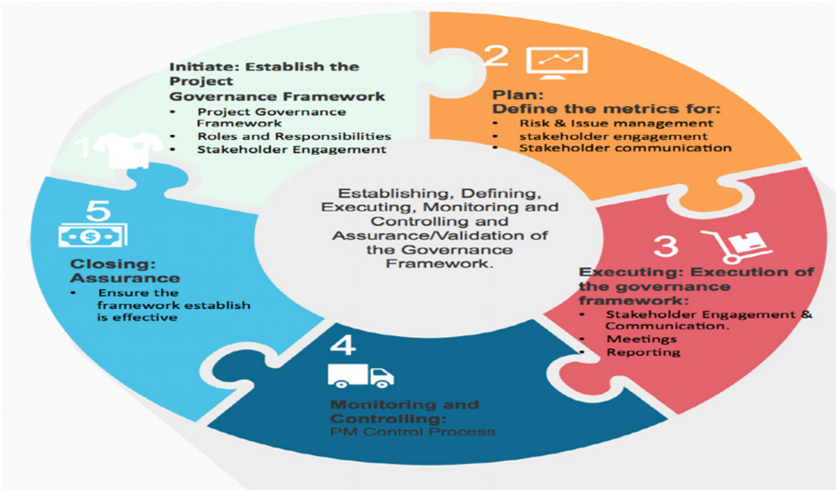

Exhibit 1: Cyclical project governance framework and eight underlying governance components.

Eight Governance Components and Their Applicability to the Real World

Let's do a “double click” on the eight project governance components and the value they add in the real world.

(1) Governance Models: When defining an adequate governance model that complements the organization, the project manager needs to take into consideration the amount of rigor that you want to incorporate. Overzealous governance models can often annoy the stakeholders, and an absence of project governance can lead to a lack of stakeholder engagement or false escalations.

Establishing the right governance model is not a trivial task. However, based on experience, the organization should put together a baseline of key elements that are required for project governance based on the project's scope, timeline, complexity, risk, stakeholders and importance to the organization. There should be a simple tool that does a quick analysis based on some of the above indicators defining how aggressive your governance framework needs to be and which components are mandatory.

(2) Accountability and Responsibilities: Defining accountability and responsibilities is the core of the project manager's tasks. Not having a definition for accountabilities and responsibilities will have a direct impact on the effectiveness of meetings, the change control process, risk assessment and the communication plan. When defining accountability and responsibilities, the project manager needs to define not only who is accountable, but also who is responsible, consulted and informed for each of the project's deliverables.

(3) Stakeholder Engagement: When establishing the foundation for your governance plan, understanding the project ecosystem is mandatory. The first step is to identify all the stakeholders. This seems like a daunting and asinine task but it is actually key. If one stakeholder is left out, this can derail the entire project and can have a detrimental impact.

Stakeholders can span a broad spectrum. These include but are not limited to the project steering committee, PMO, sponsors, suppliers, government boards, the project team, business owners, and so on. Stakeholders are essentially anyone who can be impacted by the project deliverables. The project manager needs to define who the stakeholders are, what their interests and expectations are and most important, how to communicate with the stakeholders.

(4) Stakeholder Communication and (5) Meeting and Reporting: The communication plan needs to be developed once all the stakeholders have been identified and their interests and expectations have been defined. A well-formulated communication plan delivers concise, efficient and timely information to all pertinent stakeholders.

Once the communication plan is identified, the project manager needs to ensure that there is a right balance of meetings and reporting. This needs to be defined to ensure that each stakeholder understands the mode and content of communication, frequency, owner/receiver, communication milestones and decision gates. In addition, communication needs to be crisp, precise and to the point.

(6) Risk and Issue Management: It is no secret that projects/programs are riddled with risks and issues. It is difficult to forecast what is going to occur, but a lack of preparation will put the project team further behind the eight ball. At the beginning of any project or program, there needs to be a consensus on how to identify, classify and prioritize the risks and issues. Quite frankly, how you handle the risk or issue is more important than the issue/risk itself.

(7) Assurance: Project assurance ensures that risks and issues are managed effectively and defines the metrics that foster the delivery confidence of the project/program. A vital component of assurance is devising the metrics that would give visibility into the project performance. Some of the metrics include but are not limited to adherence to the business case; effectiveness of the change control and risk analysis process; the ability to monitor deviations in project scope, time, cost and schedule; and quality assessment and tracking accuracy of the project plan.

(8) Project Management Control Process: This is the simplest component but the most challenging one to execute because of ongoing checks and balances. The monitoring and controlling process has purview of all tasks and metrics associated with the project and programs and measures performance against the baseline scope, budget, time, and resources. This is not a one-time assessment; the project/program manager needs to be constantly measuring the performance and taking timely action on any deviations.

The Case Study—Lack of Project Governance Has Rippling Effects

Two years ago, I was appointed as the program manager to deploy a cutting-edge cable TV product. This engagement entailed deploying a new-cutting edge technology for the first time in North America on behalf of one of the largest Internet Protocol Network providers.

The program was already in flight when I took control. However, at the onset of joining the program, I observed that there were numerous deficiencies pertaining to the basics of program governance. My predecessor had been highly technical and had decades of experience in this area but the customer was still disgruntled with the way the program was progressing.

Being a newcomer to a pre-existing project team, I knew I had a limited time to turn around the customer's perception. However, I wanted to tread gently and not be a "bull in a china shop." My first step was to engage with all the stakeholders. These included the account team, customer, technical team, product developers, quality assurance team and project and technical managers.

I formulated some basic questions that covered the eight key components of project and program governance:

Governance Model: To clarify the existing governance model, what are the gaps and what is currently working?

Stakeholder Engagement and Risk Assessment: What is your role and how do you communicate status updates, risks and changes?

Stakeholder Expectations: What do you consider success for the project/program?

Roles and Responsibilities: What is your current role and what are you accountable for?

Risk Assessment: What are the key challenges and how are they communicated and addressed?

Meetings and Reporting: What meetings do you chair and participate in? What reports are you responsible for, do you need to review, that are missing and that you find obsolete?

Assurance: How are you tracking in accordance with the project charter and baseline project management plan?

Project Management Control and Roles and Responsibilities: What project metrics are you accountable for, do you have an interest in and do you monitor?

These questions were supposed to be thought provoking and lead to longer detailed discussions. Asking these questions enabled me to form the baseline governance framework. I was able to understand stakeholder engagement and communication, which was the foundation for the other governance components. After refining the governance framework, I was challenged to execute. I devised a meeting structure and a communication plan that depicted the flow of information up to the program sponsor and determined the frequency of information flow, content of reports and meetings structure that aligned with stakeholder expectations and engagement. Within this communication plan, I was able to create forums for the project teams to address issues and changes based on their roles and responsibilities.

The sole reason the previous program manager had been removed had hinged on the lack of governance and adherence to a governance framework. The lack of assessment and understanding of the stakeholder expectations created a spiral effect. Despite the team's hard work, they endured limited guidance on how to address issues, which triggered delays in the program and created gaps in adhering to the project charter. This in turn threatened the longevity of the program.

Roles That Are a Necessity for Establishing and Maintaining Project/Program Governance

All projects and programs have different characteristics and mandates. They encapsulate many roles but there are four main roles that are required to establish, maintain and enforce project governance. Each of theses roles views the project through a different lens.

The four crucial roles that are needed to establish, direct, implement and validate project governance are the following:

Sponsor,

Steering committee,

Project Management Office, and

Project manager.

Exhibit 2 depicts the key roles and responsibilities and how each role influences the Governance Framework:

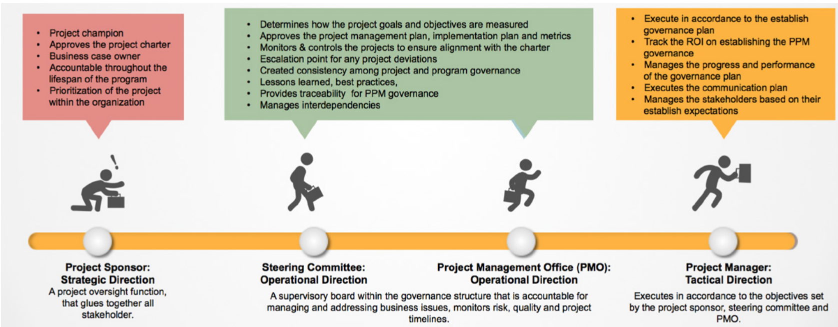

Exhibit 2: Governance information repository and t-shirt sizing concepts.

Governance Information Repository

In a large corporation that sustains more than 65,500 employees spanning 92 countries, it has been a growing challenge to maintain project governance and with consistency. This was one of my “pet peeves” as a portfolio manager servicing one of the largest service providers in Canada. I quickly came to realize that my project/program managers had different ways of working. Taking it a step further, the way the entire country implemented projects was not aligned with governance best practices.

I embarked on a journey to create an online repository to provide guidance for project and program management teams within Canada. The purpose of this online tool was to develop a new governance approach, one that was clear, efficient and easily managed. There were three primary ambitions for standardizing the governance framework: to provide immediate access to governance best practices, to foster a process for interlocking with the stakeholders and to provide one source of truth for our project management community. These all sprouted from the eight governance components.

When developing this repository, which I called the Governance Information Repository (GIR), I focused on the following areas: defining the RACI (responsible, accountable, consulted, and informed), clear organizational structures, stakeholder analysis, and defining reporting lines. When developing this tool, I used the following three-pronged approach:

1. Create: Devise a location for the project management community that is easily accessible on the intranet.
2. Establish A Repository: Have this site also serve as a location for best

practices, descriptions, templates and examples).

3. Networking: Create a forum for sharing ideas with a blog, links, discussion area and training.

I was initially challenged by the organization as to why we should make the investment to create this tool. I convinced management that this online repository acknowledged that governance was the core foundation for successful projects and programs. I further explained the following benefits:

By strengthening governance, studies have illustrated that it had a proven track record across projects for increasing the likelihood of delivering to time, cost and scope.

It assists in aligning stakeholder expectations by standardizing the roles and responsibility for the key roles within a project/program.

It drove timely decision making by getting the right data to the right person.

It ensures that we all know what we are accountable and responsible for.

It enables fast-moving projects to maintain tempo in a controlled environment.

It ensures that governance is consistently applied across different portfolios.

T-Shirt Sizing Technique

After developing the repository, my mission was not yet complete. We all know that a governance framework is not “one-size-fits-all.” However, there are some basics that can be standardized. I took this a step further by creating a concept entitled “Project in a Box,” which is a simple toolkit that guides busy project managers on how detailed their governance framework needs to be. The Project in a Box concept assisted project managers by providing guidelines on the following:

How much governance does my project need?

How do I adapt the Project in a Box for my specific needs?

Who are the key stakeholders for a project and what are the modes of communication?

What gates/decisions are mandatory (aligned with the Sarbanes-Oxley Act of 2002 (SOX)) and which are optional?

Where can I get the key documents and templates, and where can I find samples?

Who are the key points of contact for governance standards?

What is the standardized tool set for a project manager?

The following are the basics steps in identifying the level of intensity of governance framework the project managers need to deploy:

Step 1: Define the customer's requirements and the nature of the project based on the tempo and pace and the customer's change environment.

Step 2: Define the proposed solution and what success looks like based on project type, financials, defined success, leadership, technology, internal teams and dependencies. This step focuses on defining stakeholder engagements and involvement.

Step 3: Once the classification is completed in Step 2, the tool called “T-Shirt Sizing” will provide the governance agility that needs to be deployed on a small, medium, large and extra-large scale. This step provides guidance on the assurance and project management control processes and the level of detail.

Step 4: Depending on how the T-Shirt Sizing is allocated for the project or program, the tool provides template and guidelines on how to manage the handover from sales to delivery, planning, stakeholders, kick-off meeting, revenue, monitoring and reporting, communication plan, lessons learned and project closure. Lastly, this step defines the scope of meetings, reporting, gates and risk and issue management.

Final Thoughts: Why Is Project Governance Critical to the Success of a Project?

Establishing project governance is not a simple task. Significant investment needs to be made when embarking on a new project. It is often challenging to quantify what the benefits are when it comes to investing in the creation of the project governance framework. The following are four key benefits of project governance:

- Single point of accountability;
- Outlines roles, responsibility and relationships among project stakeholders;
- Issue management and resolution; and
- Information dissemination and transparent communication.

Project governance provides a single point of accountability. This mandates clarity and fosters consistency of decision making for the life cycle of the project (Townsend, 2014) By appointing one focal point of accountability, the individual's primary focus will be on delivering on the project's objectives and will be not be deterred for the duration of the project. This does not mean that there will be “one throat to choke,” but one person will be responsible for the direction and focus of the project, and having multiple individuals accountable will not blur this.

In addition, project governance defines and clearly articulates structured roles, responsibilities and accountabilities within the project, which also facilitates decision making. This is critical when the project manager has a deviation in scope, budget, time, resources, or quality, or when a risk has presented itself. Project governance defines whom these issues impact and how to deal with the impact.

The governance framework will provide “instructions” on how to deal with issues on the project. Not only does it define whom the issues impacts, but also it details mechanisms for how to deal with the issues. It ensures that the appropriate review on the issues is done and who are the key points of contact for addressing and approving any deviations in the project requirements. Project governance provides direction and defines decision-making procedures and metrics for validating impacts to the project. It also enables the project team to deliver on requirements and creates a forum for issue resolution to occur in a timely manner.

Finally, project governance provides a vehicle for information gathering and reporting to all stakeholders. This framework ensures that the communication plan is well defined, updated and executed. It also facilitates consistent, standardized and transparent reporting. This promotes nibble status updates on productivity as well as communicates and addresses stakeholder expectations.

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