

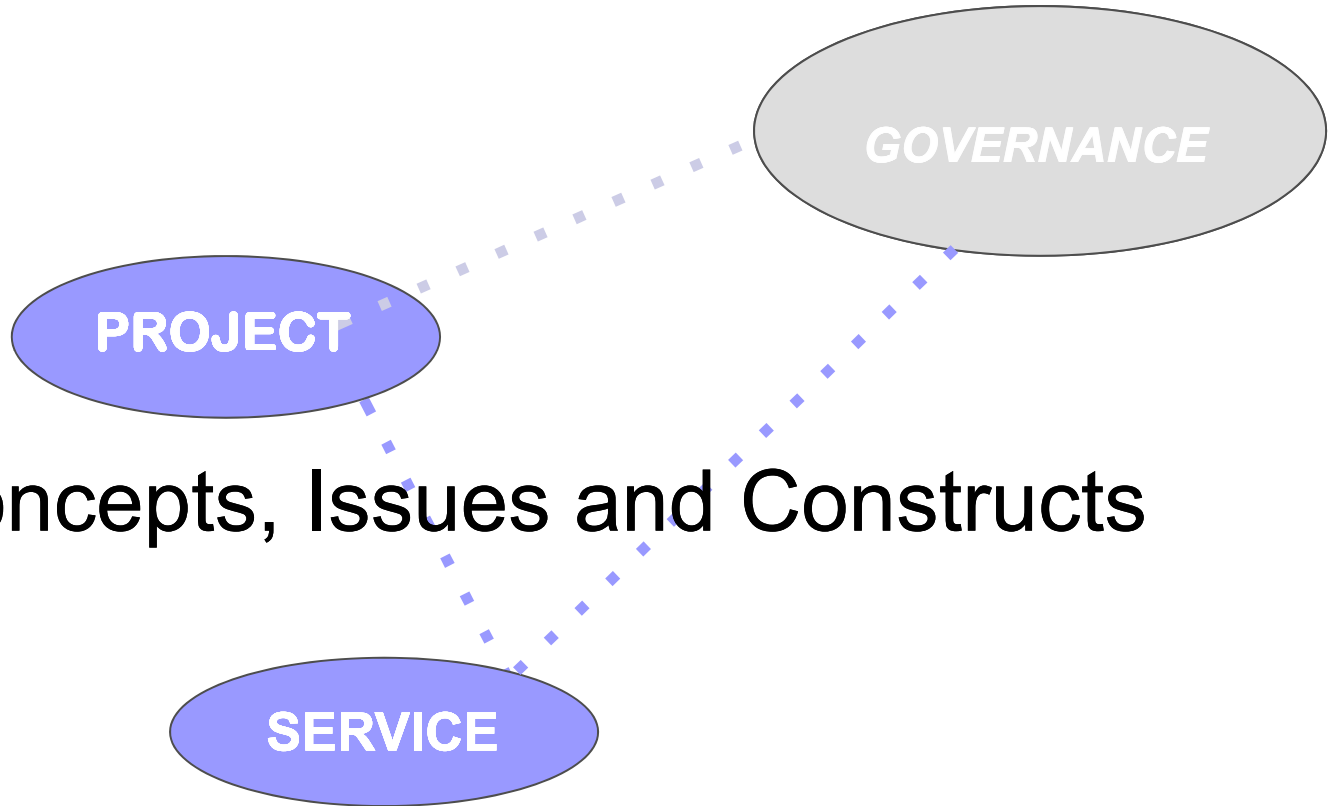


Project Governance

Concepts Issues and Constraints

Dick Patterson

dpatterson@intelcheck.ca





- Concepts, Issues and Constructs

Governance – *What Is It?*

The Functional Perspective

- Setting / maintaining strategic direction
- Monitoring the project / service P & L (results vs resources)
- Reconciling conflicting interests and pressures
- Risk management

The Analogous Perspective

	<i>An Enterprise</i>	<i>A Project</i>
Governance	Board of Directors	Project Council
Management	CEO	Project Manager
Operations		

In HBR Terms

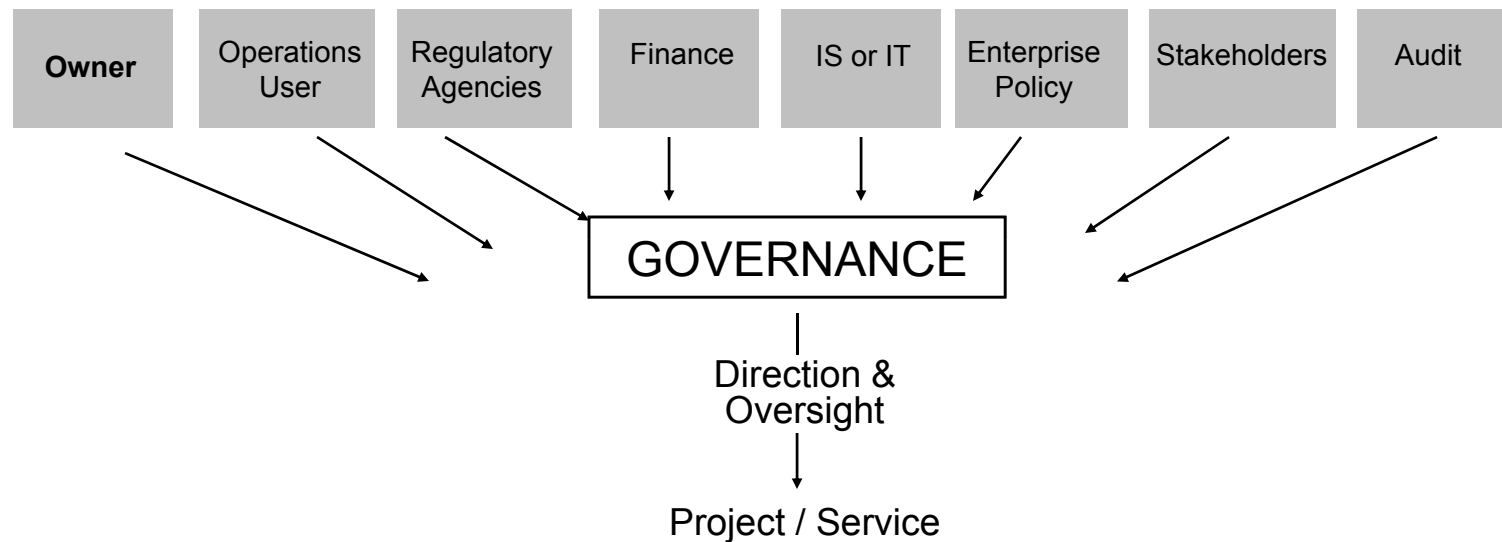
Governance provides and sustains the management framework, reconciling diverse interests (e.g. the supplier and the client) and diverse players (e.g. project manager, user manager, other stakeholders) toward reaching the established goal.

Governance – *What Is It?* *In Plain Language*

“Politics are a factor in every software development project.”

-----Edward Yourdon

Governance deals with the politics, allowing project management to focus on the project itself.



Politics – the process of making decisions where several parties are involved.

Exploring Governance /1

Effective governance invariably requires:

1. A credible forum such as a board or council to encompass the stakeholders with a legitimate interest in the initiative.
2. A line executive, preferably, the “owner”, to accept responsibility for the governance function.

Yielding:

The Project / Service Council composed of the legitimate stakeholders and chaired by the owner executive. While operating on a consensus basis where possible, at the end of the day, the owner (Council Chair) is accountable for governance and, if necessary, overrides the advice being received.

Almost invariably:

1. An *effective* Board of Directors will ensure the success of the enterprise.
2. An *effective* Project Council will ensure the success of its initiative.

Exploring Governance /2

In summary:

Membership

- Project/service Owner
- User Executive
- Client Project Manager
- Contractor PM
- Functional Managers
- Independent Member

Preferable: 3 to 6

Principles of Operation

- Formal, documented plan (charter)
- Apparent legitimacy and power
- Appropriate training essential
- Monitors project management
- Awareness of separation between governance and management

Leadership, discipline and discipline

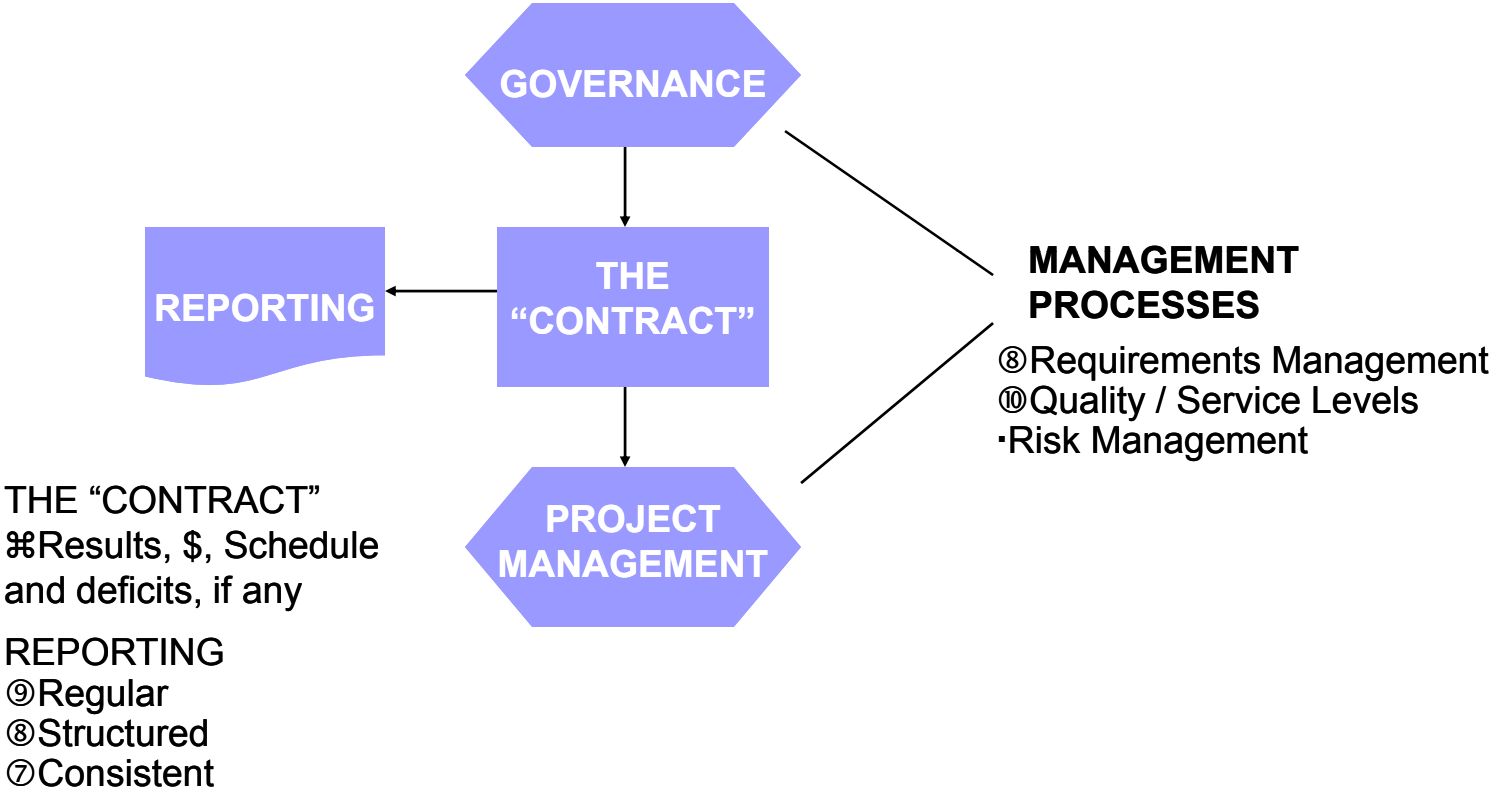
Elaborations on Governance /1

1. In discharging its governance role, a project or service council explicitly assumes stewardship for the initiative, including:
 - a. Setting / maintaining strategic direction*
 - Requirements Management
 - Quality / Service Level Management
 - Management performance
 - b. Monitoring the P & L*
 - Resources expanded vs. projections
 - Deliverables or services produced and accepted
 - Schedule and other metrics
 - c. Reconciling conflicting interests and pressures*
 - d. Risk management*
 - Assessment / mitigation and avoidance
 - e. Ensuring project benefits are realized*

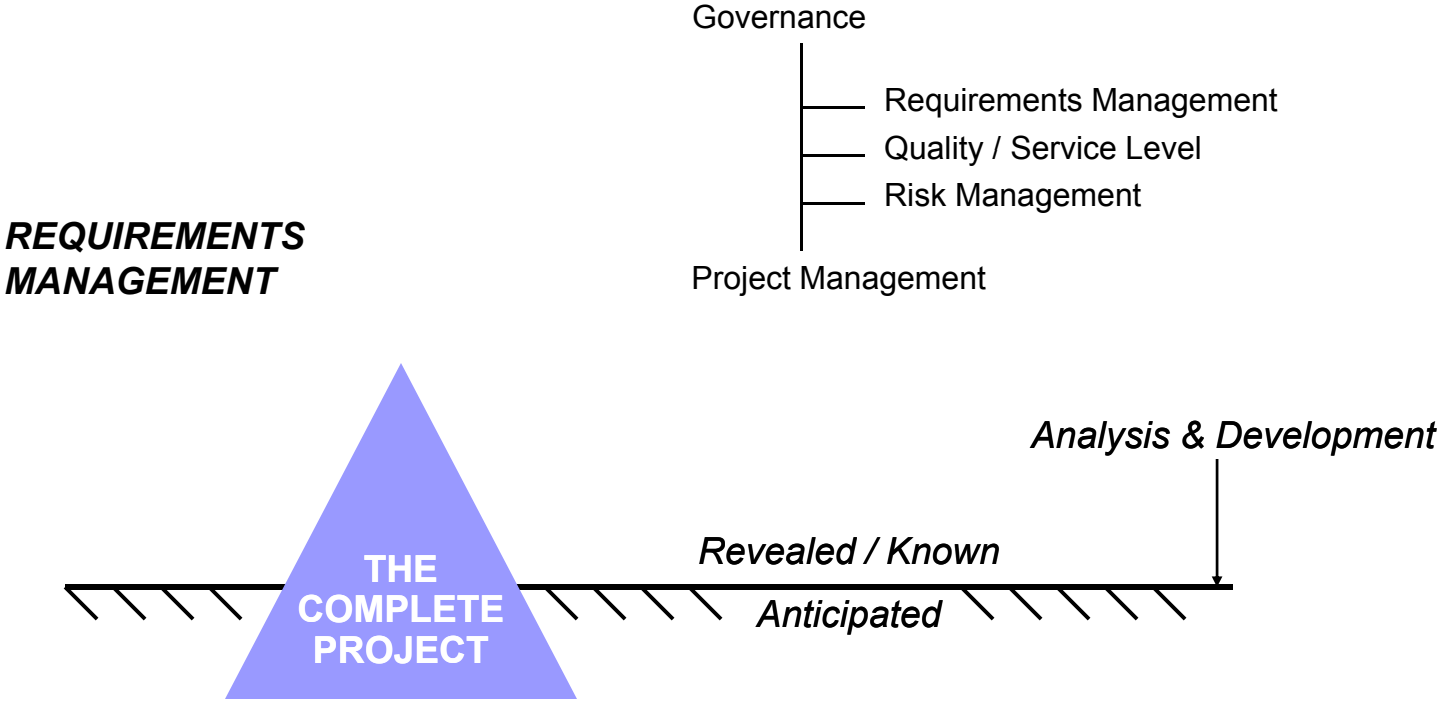
Elaborations on Governance /2

2. **The project management function** is distinct from governance. However, it is related and should interface effectively without compromising the council's ability to function independently.
3. **Project council's** benefit greatly from one or more independent members, neither part of the enterprise nor the supplier side. (The TSE publication "Where Were the Directors?" recommends a majority of unrelated directors.)
4. **A project council** carries a stewardship role; thus, every member, while mindful of the interest that he or she represents, must act in accordance with the best interests of the project.
5. **Council members** must be provided with appropriate training. The TSE publication previously cited calls for "an orientation and education program for new recruits to the board".
6. **Enterprise boards** utilize independent auditors not because they suspect management but as a matter of prudence. Councils should also commission occasional independent checkpoints for the same reason.

Governance and Project Management



Management Processes



As the project proceeds, the full dimensions of the work to be done emerges. Requirements Management balances the project workload against the available funding and benefits yield; available management responses include scope control, functional depth, phasing, resource adjustments, etc.

Turning to Services Management /1

A significant services contract, for example, a major IT outsourcing, presents issues that are quite similar.

	<i>Project</i>	<i>Service</i>
Product is largely intangible.	Yes	Yes
Product evolves or mutates over time.	Yes	Yes
Successful delivery requires recognition of supplier / client co-dependency.	Yes	Yes
Diverse interests and players to be reconciled – politics presents.	Yes	Yes
Logical completion point.	Yes	No

Turning to Services Management /2

Conclusion

Effective service constructs require both governance and service management:

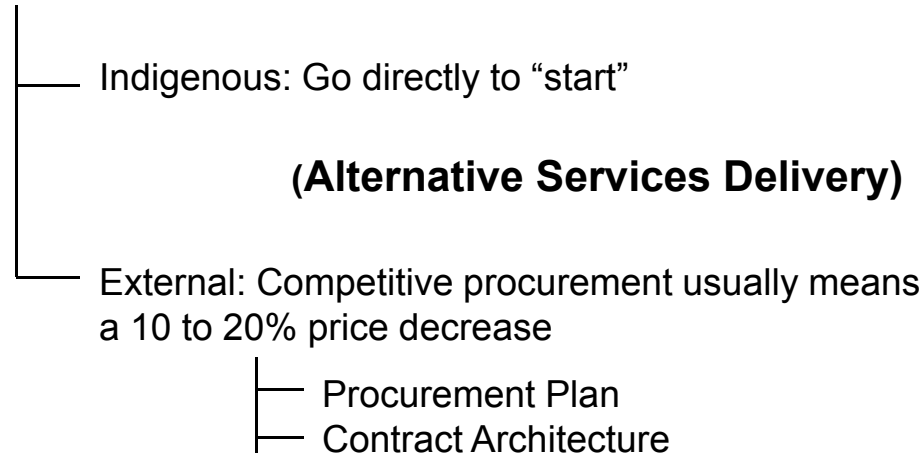
Governance:

The management framework to deal with the reconciliation of competing interests within an evolving biome.

Service Management:

The operational conduct on both the client and supplier side of the service functionality.

Project or Service Launch



Contract Architecture

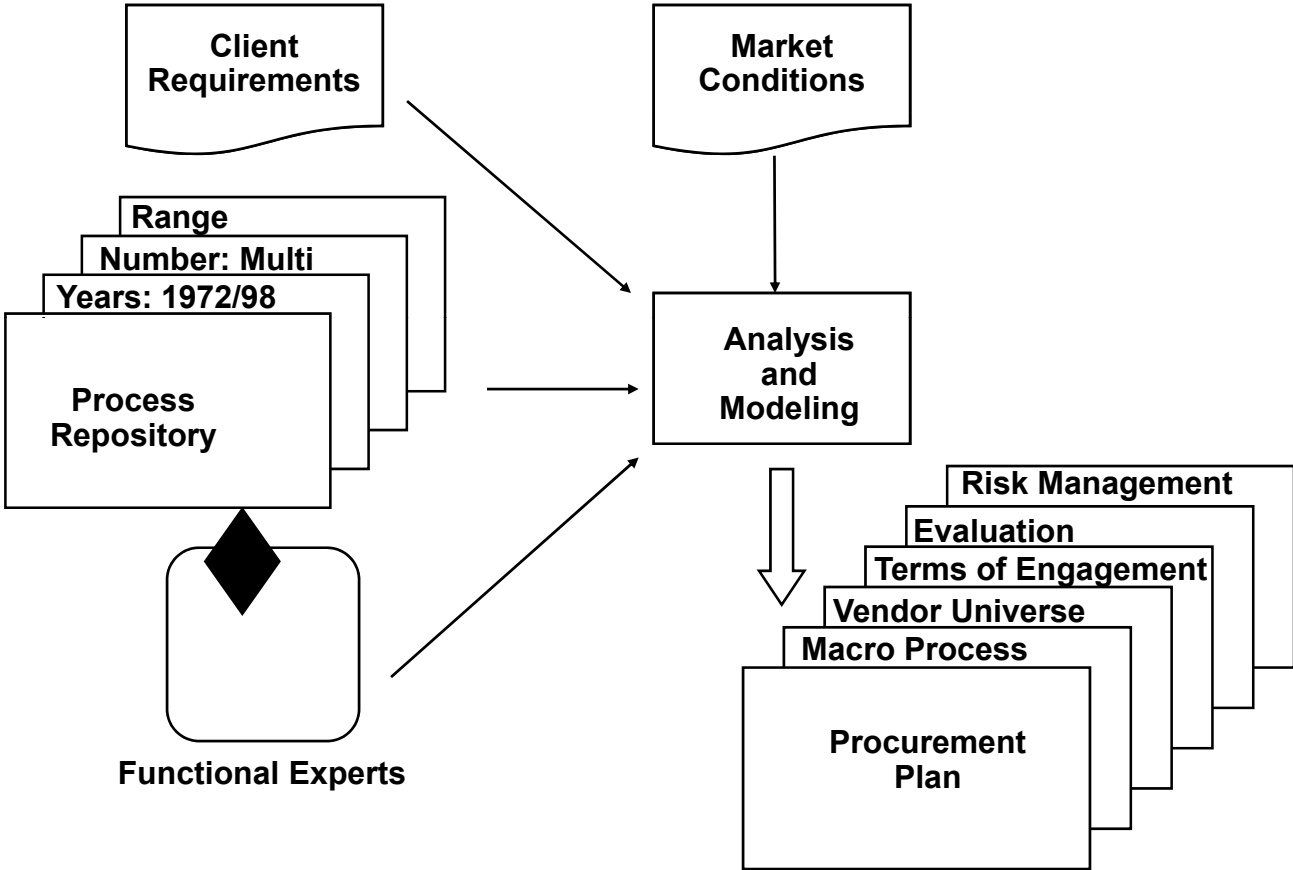
1. Terms of Engagement
 - pricing mechanism
 - term and options
 - guarantees
2. Governance
 - dispute resolution
3. Risk Allocation

Mutually Accepted Dependency

(MAD) Basis:

1. Neither party wins unless both succeed.
2. Create brief “Statements of Work”.
3. “Adjustable” pricing structure.
4. Independent quantity surveys, if required.
5. Exit-inconvenient but not life threatening.

Procurement Planning



Service Capabilities

<i>Project / Service Initiation</i>		
Delineation, initial feasibility		Yes
Business case development		Yes
Procurement	– planning	Yes
	– process	Yes
	– contracting	Yes
<i>Project / Service Management</i>		
Governance	– framework	Yes
	– training	Yes
	– operations	Yes
<i>Project / Service Delivery</i>		
IT – operations		No
IT – systems integration		No
IT related products and alliances		No
Services to IT contractors		No

Provides the positioning, the insights, the skills, the experience to ensure project / service success through solid governance, unburdened by partnerships, alliances, products and other sources of conflicting interests.