IT Project & Programme Governance

Ensuring success through observation and measurement ...

By Nigel Girling

A Dei Lucrii Whitepaper

Project & Programme Governance

Abstract

Many IT Projects and Programmes fail. The majority of them are staffed by competent staff, have perfectly adequate plans, and are resourced to be able to succeed. They fail not through incompetence or willful neglect, but through a combination of things that are not all visible from within the project.

Governance is about ensuring that projects succeed by establishing that there is a well defined approach which is understood and agreed by all parties, that the approach is followed throughout the lifecycle of the project, and that progress is measured and actions are pro-actively taken to confirm that the project stays on track and that the agreed benefits are delivered.

Introduction

Project and Programme Governance is a hot topic. People are looking for a 'Silver Bullet' to ensure success of their IT projects and many are touting 'Governance' as just such a panacea. Governance is a key element for project success, but it is only one element.

This whitepaper discusses what IT Project and Programme governance is, and the role it plays in ensuring success in a particular IT Project or Programme environment.

What is Project and Programme Governance?

According to Wikipedia : 'Project Governance can be seen as consisting of the following nine key roles

- Establish the basis for project governance, approval and measurement - including defining roles and accountabilities, policies and standards and associated processes
- Evaluate project proposals to select those that are the best investment of funds and scarce resources and are within the firm's capability and capacity to deliver
- Enable, through resourcing of projects with staff and consultants, harnessing and managing of business support and the provision of the governance resources
- Define the 'desired business outcomes' (end states), benefits and value - the business measures of success and overall value proposition
- Control the scope, contingency funds, overall project value and so on
- Monitor the project's progress, stakeholder's commitment, results achieved and the leading indicators of failure
- Measure the outputs, outcomes, benefits and value - against both the plan and measurable expectations
- Act to 'steer' the project into the organization, remove obstacles, manage the critical success factors and remediate project or benefit-realization shortfalls
- Develop the organization's project delivery capability - continually building and enhancing its ability to deliver more complex and challenging projects in less time and for less cost while generating the maximum value. '

This is a pretty good start point for our purposes. The important point is that governance needs to look beyond the application of specific project controls and methodologies and into the environment that the project exists in.

More IT projects fail through poor stakeholder management, poor requirements gathering and poor scope management than because of technical deficiencies.

Isn't this what my Project Methodology covers?

A project management methodology, such as Prince2, provides a framework that tells a Project Manager what has to be done to manage a project from start to finish. It describes every step in the project life cycle in detail, so a Project Manager knows exactly which tasks to complete, when and how. It provides templates and models, so whether you're an expert or a novice, it helps you to steer your projects in the right direction and keep them on track. It will also help to ensure that projects are managed in a structured, repeatable fashion. That way, the same approach can be applied to every project.

A typical, traditional Project Management Methodology is illustrated in the diagram below:
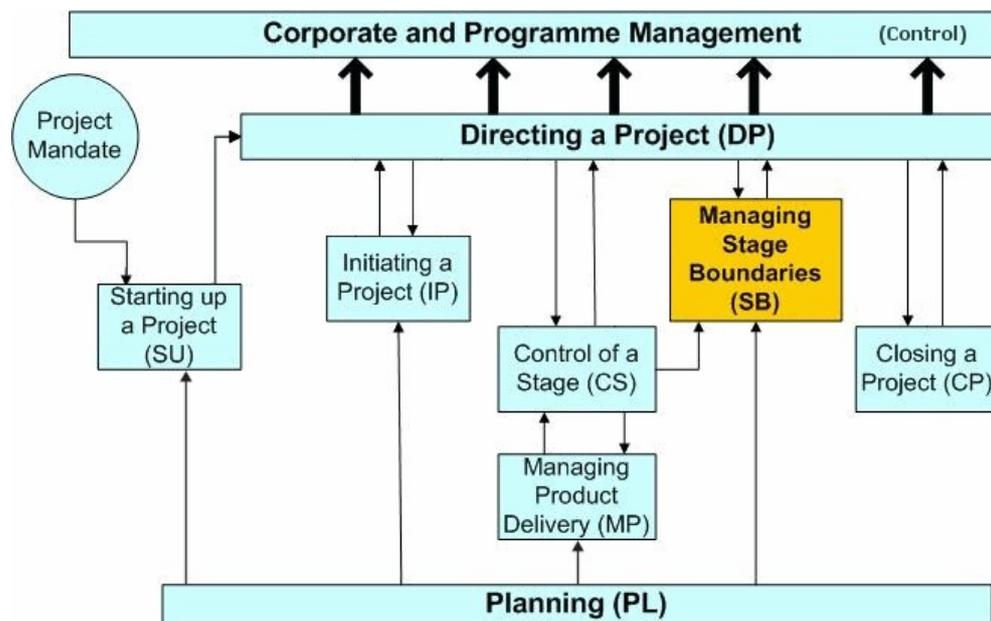

NASA researched into why IT (specifically development) projects often fail. One of the interesting points to come out from this was the concept of the 'Cone of Uncertainty'.

This is a way to articulate that we can only predict so much about what will happen during a project. As we progress through the project, more and more of the 'unknowns' become known, and at the point of completion we will fully understand the project.

NASA also calculated that the initial uncertainty can amount to a factor of 4 with regards to cost and time (i.e. A project may cost between 0.25 and 4 times the estimated cost and/or take 0.25 to 4 times the expected time to deliver).

This is illustrated by the following diagram:
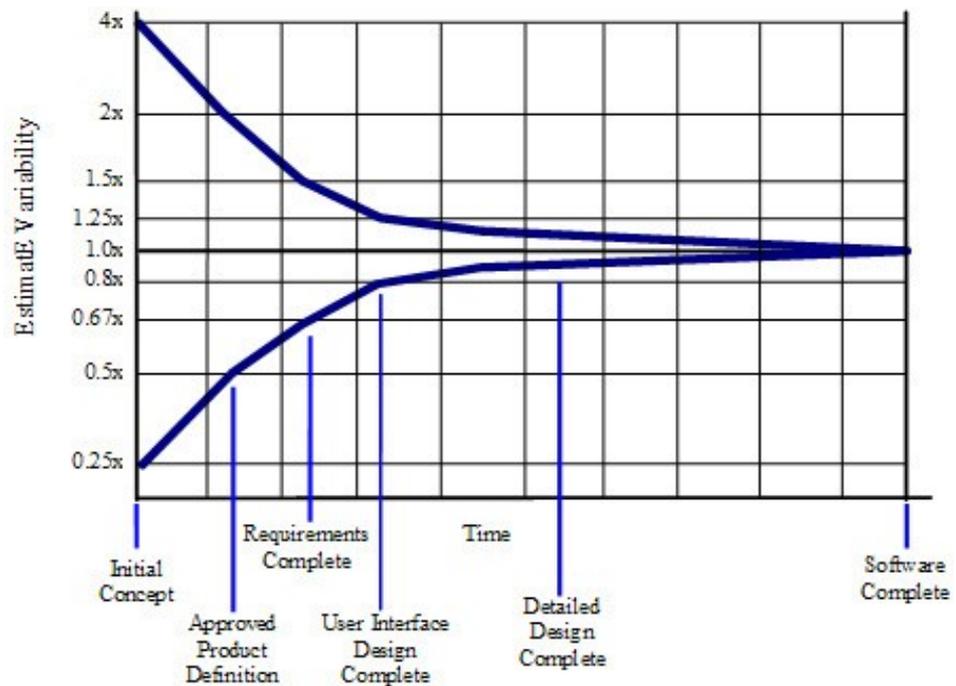
What is surprising, is that this picture represents the best case scenario of a very well managed project. It is not possible to know any more at the start of a project, but through excellent project management, it is possible to manage the uncertainty and reduce risk over time to follow this curve.

Without governance, projects often fail to reduce the number of unknowns at the rate required to follow this, optimal model. This gives rise to a broader 'Cloud of Uncertainty' that fails to disperse, in any meaningful way, until the end of the project.
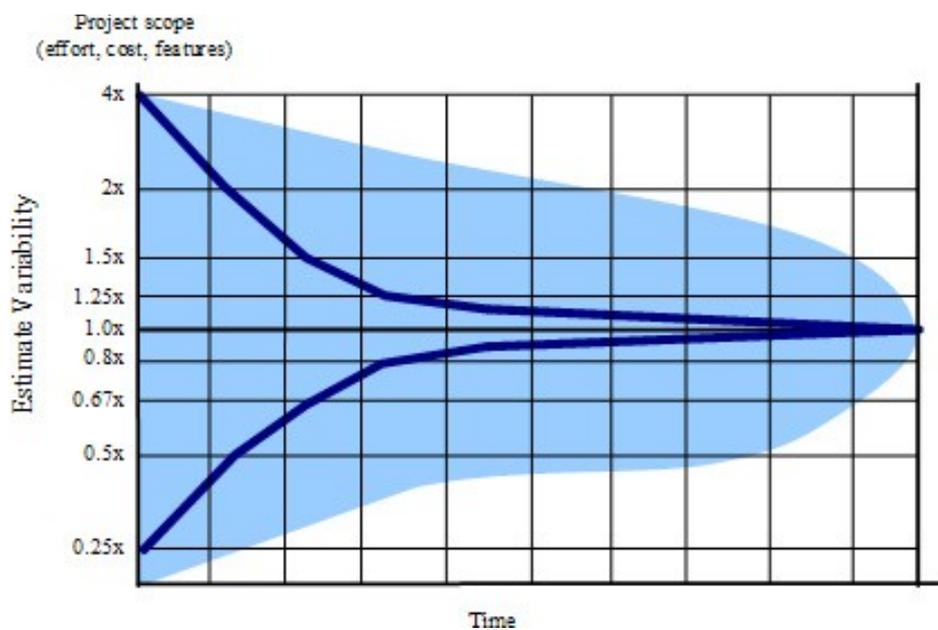
Project governance is the wrapper around the project management process, that ensures good practice and drives the project to follow the first graph. Good project management can then cope with the uncertainty that's left and a

skillful team can deliver the project successfully (i.e. On time, within budget and to the required level of functionality).

Indeed if the success of a project is measured against time, cost and functionality, we can think of the project plan in terms of a 'pyramid of estimation', as shown in the following diagram:
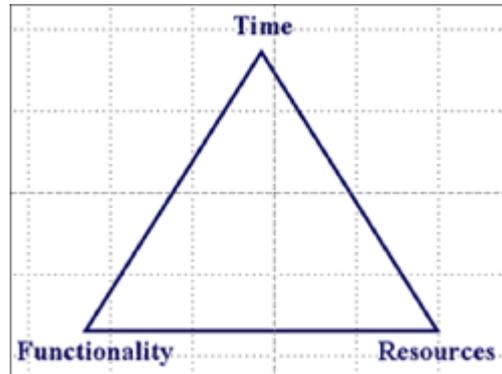
The idea is that if time and cost are the essence of a project, then functionality becomes defined and is no longer a variable. If functionality is defined, then cost and time are defined. Further, if any one of these points becomes fixed, the other two points become controlled. Think of it as the "conservation of energy" for projects. The point is this: if we manage the success of a project by adherence to planned cost, time, and functionality, the triangle retains its equilateral shape.

Project governance provides the management wrapper around the project to allow the equilateral shape to be maintained, and ensures that change is entered into with full knowledge of its impact on the project.

Project governance covers the following elements:

- Outline the relationships between all internal and external groups involved in the project
- Describe the proper flow of information regarding the project to all stakeholders
- Ensure the appropriate review of issues encountered within each project
- Ensure that required approvals and direction for the project is obtained at each appropriate stage of the project.

Important specific elements of good project governance include:

- A compelling business case, stating the objects of the project and specifying the in-scope and out-of-scope aspects
- A mechanism to assess the compliance of the completed project to its original objectives
- identifying all stakeholders with an interest in the project
- A defined method of communication to each stakeholder
- A set of business-level requirements as agreed by all stakeholders
- An agreed specification for the project deliverables
- The appointment of a project manager
- Clear assignment of project roles and responsibilities
- A current, published project plan that spans all project stages from project initiation through development to the transition to operations.

- A system of accurate upward status- and progress-reporting including time records.
- A central document repository for the project
- A centrally-held glossary of project terms
- A process for the management and resolution of issues that arise during the project
- A process for the recording and communication of risks identified during the project
- A standard for quality review of the key governance documents and of the project deliverables.

The following diagram uses the Capability Maturity Model (Carnegie Mellon) to illustrate:

Capability Maturity Model – Integrated

Level	Focus	Process Areas	Result
5 Optimizing	*Continuous process improvement*	Organizational Innovation & Deployment Causal Analysis and Resolution	**Productivity & Quality**
4 Quantitatively Managed	*Quantitative management*	Organizational Process Performance Quantitative Project Management	
3 Defined	*Process standardization*	Requirements Development Technical Solution Product Integration Verification Validation Organizational Process Focus Organizational Process Definition Organizational Training Integrated Project Management Risk Management Decision Analysis and Resolution	
2 Managed	*Basic project management*	Requirements Management Project Planning Project Monitoring & Control Supplier Agreement Management Measurement and Analysis Process & Product Quality Assurance Configuration Management	
1 Initial	*Competent people and heroics*		

From the diagram we can see that as an organization matures, the productivity of the organization and the quality of project deliverables gets significantly better.

This is how good governance can be used to not only ensure compliance to existing standards, but can drive continuous improvement in a business or function.

We can use governance as the mechanism for driving maturity into a project based organization.

Governance as a Sales Tool

Good governance is good for business. An organization that can show effective governance will give clients, and prospective clients, a high level of confidence that the organization is going to deliver against its promises and that projects undertaken will be successful.

Companies that can demonstrate good governance will alleviate fears within their clients regarding accusations that they did not do all they could do, to ensure that they have delivered good value through effective management

and governance of their projects, and that their projects have delivered the benefits that they set out to achieve.

Governance as a Service

Governance is not necessarily best performed through the peer review of an internal team. An internal governance team is under pressure not to 'rock the boat' and often lacks the independence necessary to uncover issues that will be detrimental to a project/programme, even the business as a whole, in the future. Many companies do not have the resources to build a dedicated specialist governance team and governance activities are performed as and when people are available according to a structure and set of processes that no -one has evaluated for some time or has any particular allegiance to.

Increasingly, businesses are looking for better ways to ensure meaningful governance can be applied without strangling the creativity of the project teams, building complex governance organizations, and deflecting company resources away from the main revenue generating activities.

Buying governance as a service from a third party vendor can provide an effective answer to this dilemma.

A third party company can provide a tailored governance structure based on tried and trusted mechanisms, provide suitably qualified and experienced staff, as and when required, and provide an independent view 'uncontaminated' by internal pressures, based on broad current experience of other similar environments.

Governance as a Service can be used to provide the following elements of an IT Project & Programme governance Structure:

Governance Set-up Services – This includes requirements gathering, process design, staff training, initial benchmarking

Governance Monitoring & Improvement Services– This includes process effectiveness reviews, benefits management, process improvements and ongoing training

Governance Support Services – These include provision of resources and tools to assist with ongoing governance activities. (e.g. Project Support Personnel who can work with a new project team to ensure compliance to standards, reporting tools, ongoing training, project health checks, etc).

External Accreditation Services – These services provide support, advice and guidance to ensure a client achieves a recognized external Governance accreditation (e.g. CMMI accreditation) in the most effective manner for their organization.

Conclusions

If you are engaged in IT Project based activities, you need a robust, functioning governance system to be sure your projects are conducted in a controlled fashion which minimizes your risk and maximizes your return on investment

Governance is a hot issue and can be used to demonstrate professionalism and commitment to excellence. These can used as strong sales and marketing tools to differentiate your company.

Governance can be provided through an internal team of 'experts', or through services provided by a third party supplier. Services range from a complete 'outsourcing' of the governance function, to the provision of ad-hoc services and resources to address specific needs.

Whichever route is correct for your company, it is important to ensure that the governance structure is supported at all levels of the organization.

Next Steps

To find out more about Governance Services and how they can be used to help your company, call us NOW on 01933 665 186, or eMail us at <u>Info@Dei-Lucrii.com</u>.

Nigel Girling is a seasoned executive with more than 20 years experience of forming, growing and driving successful IT Professional Services businesses. He uses his direct experience to show how to use the principles of project governance to improve the success rate of IT related projects.

Nigel has lived and worked in the UK, Africa, The Middle East and Europe, worked extensively in the USA and consulted in Australia and Asia. He has held Senior roles in Major Multi-National Corporations and has ran and worked with a number of start-up businesses.

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