

Improving the Governance of Projects, Programs and Portfolios



This article looks at some of the things a governing body can do to improve the *Governance of Projects, Programs and Portfolios* within the organisation it is responsible for governing and the role of project controls¹.

As a starting point, most people on most governing bodies are not experts in the overall process of **managing projects**, and it would be unreasonable to expect people to acquire this skill late in their careers. The solution is to create a 'board subcommittee' or similar entity tasked with overseeing the whole organisational change process that includes Projects, Programs and Portfolios². The reason

for this broad remit is the only point in undertaking a project is to create value for the organisation, this means selecting the right ideas to make into projects, doing the project 'right' and then making use of the project's outputs to generate value³. A failure at any point in the chain diminished the return on investment. As with other established board subcommittees, the 'organisational change subcommittee' should draw on external expertise (either from within the organisation or from outside) to enhance its understanding and oversight capabilities.

The next key element is creating the function of 'Chief Projects Officer' (CPO) or similar. This role is starting to appear in some organisations. The CPO and the CPO office have a number of key roles:

- The CPO is a member of the 'board subcommittee' to ensure effective two way communication and understanding.
- The CPO is responsible for the accuracy and timeliness of the information being used by both management and the governing body in making project related decisions. Therefore the organisation's PMOs⁴, 'audit and surveillance capabilities'⁵ etc., report to the CPO, not other line managers. The PMOs, etc., support line and project management but obtain their authority from the CPO.
- The organisations portfolio management functions⁶ report to the CPO, although final investment decisions will typically be made by an executive committee.

¹ The **governing body** of an organisation is its board of directors or equivalent (it may be an individual or a committee). Whilst the governing body can delegate some of its functions to lower level management committees, the functions of governance are quite different to the functions of management, see:

http://www.mosaicprojects.com.au/WhitePapers/WP1096_Six_Functions_Governance.pdf

Unfortunately far too many publications and organisations confuse 'good governance' with its outcome which is good management practices. The core of my criticism of the PMI 'Practice Guide for the Governance of Portfolios, Programs, and Projects' is the perpetuation of the confusion between management and governance (and PMI's focus on improving management functions); see: **PMI's Practice Guide misses the boat!** at:

<https://mosaicprojects.wordpress.com/2016/01/24/pmis-practice-guide-for-the-governance-of-portfolios-programs-and-projects/>

² The overall **management of projects** is a complex domain, the key elements are mapped in:

http://www.mosaicprojects.com.au/WhitePapers/WP1079_PDC.pdf

³ For more on the overall **value chain** see:

http://www.mosaicprojects.com.au/WhitePapers/WP1023_Benefits_and_Value.pdf

⁴ For more on **PMOs** see: http://www.mosaicprojects.com.au/WhitePapers/WP1034_PMOs.pdf

⁵ For more on **project surveillance** see: http://www.mosaicprojects.com.au/WhitePapers/WP1080_Project_Reviews.pdf

⁶ For more on **portfolio management** see: http://www.mosaicprojects.com.au/WhitePapers/WP1017_Portfolios.pdf



- The CPO is responsible for developing the overall capability of the organisation to manage and support its projects and programs as well as its ability to do projects and programs ‘right’.

Finally, the governing body needs to establish a culture of openness and transparency that allows sensible risk taking, the transmission of ‘frank and fearless’ advice and supports proactive problem solving⁷. An excellent summary of the cultural aspects needed for the effective governance of Projects, Programs and Portfolios is contained in the recently released *Shergold Report*⁸.

In summary, the role of the governing body in facilitating the effective governance and management of projects programs and portfolios is to create the culture, policies and high level management structures needed to allow effective management to evolve.

For more on governing projects see:

http://www.mosaicprojects.com.au/WhitePapers/WP1073_Project_Governance.pdf

This article is part of Mosaic’s *Project Knowledge Index*
to view and download a wide range of published papers and articles see:
http://www.mosaicprojects.com.au/PM-Knowledge_Index.html

⁷ For more on the overall *functions of governance* see:
http://www.mosaicprojects.com.au/WhitePapers/WP1096_Six_Functions_Governance.pdf

⁸ For more on the *Shergold Report* see:
<https://mosaicprojects.wordpress.com/2016/02/20/the-shergold-report-calls-for-better-governance-and-better-project-controls/>

