Optimising the value of portfolios through Governance

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Key References

• Additional papers on developing PMOs: https://mosaicprojects.com.au/PMKI-ORG-045.php
Governance -v- Management

• Governance = Doing the right projects
• Effective Project Governance requires:
  – An overarching philosophy
  – Appropriately skilled and organized people
  – Appropriate technology and systems

Governance -v- Management

• Management = Doing the projects right
• Effective Project Management requires:
  – An overarching philosophy
  – Appropriately skilled and organized people
  – Appropriate technology and systems
• But they are different
  – Skills and
  – Systems
Governance - Definitions

• The OECD defines corporate governance as: “a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined”

Governance - Definitions

• Sir Adrian Cadbury’s Definition is: “Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society”
Governance - Definitions

- Project and Portfolio governance is a subset of corporate governance.
- It focuses on areas of corporate governance related to project activities, including:
  - Portfolio direction
  - Project sponsorship
  - Project & Program management & efficiency
  - Disclosure and reporting

Governance - Definitions

- Effective portfolio governance ensures that an organisation:
- Does the right projects
  - Alignment with strategic objectives
  - Prioritisation and selection
- Does the selected projects right
  - Effective project, program & portfolio management processes
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**Governance - Definitions**

The Governance of Project Management in context

See: *Directing Change – A guide to the governance of project management.*
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http://www.apm.org.uk/page.asp?categoryID=5&subCategoryID=168&pageID=0

**Governance - Objectives**

Delivering Value
Managing Relationships
Managing Risk
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**Governance - Objectives**

**Delivering Value**
- cost, time, scope
- benefits realization, strategic alignment

**Managing Risk**
- corporate governance
- procurement

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Governance - Objectives

- Managing Relationships
  - managing stakeholder expectations

Governance - Objectives

- Delivering Value
- Managing Relationships
- Managing Risk

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Governance - Stakeholders

- **Upwards**
  - Managing sponsors and maintaining organisational commitment
  - Clients, unions, end users, suppliers, ‘the public’, shareholders, government

- **Outwards**
  - Managing sponsors and maintaining organisational commitment
  - Clients, unions, end users, suppliers, ‘the public’, shareholders, government

- **Sideways**
  - Competition and relationship with peers and Communities of Practice

- **Downwards**
  - Managing the team
  - Managing the team

Chief Executive
- How do we keep ‘business as usual’?
  - I have to keep costs down. BUT the project has to increase my profits

Functional Manager
- We don’t want to change
  - Staff
- I don’t want to be part of the project
  - Staff
- Who are the stakeholders? What do they want?
  - Project Manager

Project Manager
- Can I keep my furniture?
  - Staff

Staff
- The Call Centre is so noisy!

Staff
- Will I lose my office?

Staff
- It will take the staff too long to train the staff? I may lose my bonus!

Staff
- What about overtime?
Governance - Stakeholders

• Stakeholder determine the appropriate balance:
  – Risk -v- Reward
  – Short term -v- Long term
  – Enhancement -v- New business

• Stakeholders need to be identified and managed
Governance - Stakeholders

*Stakeholder Circle™ - Engage for effect!*

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1. Identify
2. Prioritise
3. Visualise
4. Engage
5. Monitor

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Source: Shelley, A (2007) *The Organizational Zoo*
www.organizationalzoo.com
A Framework for Success

- Without an overall philosophy actively supported by the CEO / Chairperson
- People running the governance processes lack direction and authority
- The data gathered by the tools is ignored and does not become vital information used by senior management
A Framework for Success

- Without skilled and trained staff working in a properly resourced PMO
- It is difficult to operate most tools to their full potential
- The quality of data from projects can vary enormously
- System integrity is at risk

See KPMG surveys at: www.mosaicprojects.com.au/Resources_Papers.html#Governance

A Framework for Success

- Without appropriate EPM tools
- Data gathering and processing is difficult
- Translating data into information is difficult
- Disseminating focused and useful information as needed is difficult
A Framework for Success

- For additional information see:
  - Effective Project Governance –
    - A Cultural Sea Change!
    - The Tools for Success
    - Linking PMI’s Standards to Project Governance

Management Standards

PMI’s Range of Project Management Standards

- PMI Combined Standards Lexicon
- Portfolio Management Standard
- Program Management Standard
- PMBOK Guide® 3rd Edition PM Competency Framework
- Earned Value Practice Standard
- WBS Practice Standard
- Scheduling Practice Standard
- Organizational Project Management Maturity Model (OPM3)
Governance Standards

- PMI's Maturity Measurement System:
  - OPM3
  - OPM3 ProductSuite
- Designed to measure an organization’s current state of maturity
- And plan improvements
- Details hundreds of ‘best practices’
  - EV / Risk / etc.
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Governance Standards

Organizational project management, maturity, Best Practices, and how to use OPM3
Steps for developing Capabilities adding up to Best Practices
Methods for growing Best Practices and Capabilities

Raising OPM3® to a Whole New Level

Products and Services
Certifications
Tools
Services
Assessor Certification
Assessment Tool
Professional Providers
Consultant Certification
Improvement Tool
Assessment Database

Governance Standards

• OPM3 Success stories:
  – Pinellas County IT Turns Around
    Performance and Customer confidence
  – Savannah River Site

Download from:

Governance Standards

• Technical standards:
  – CMMI (systems engineering)
  – AS8015 – 2005: Corporate governance of
    information and communication technology

• Rely on overall corporate systems
• Portfolio Governance is a ‘top down’
  process lead by the ‘board’
Questions Please

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