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Enterprise Project Governance
Performance based EPG
by Paul Dinsmore & Luiz Rocha

Enterprise Project Governance[1]
How to Manage Projects Successfully Across the Organization

Performance Based EPG

By Paul Dinsmore & Luiz Rocha

When driving a car, a glance at the dashboard provides feedback data on the vehicle's performance. Speed, fuel levels, and engine temperature are shown on the gauges, and a GPS gives directions about the most convenient and efficient route. The input destination to the GPS corresponds to an organization's strategy since the strategy defines where an organization wants to go. To get there, companies require guidance and gauges to help measure the progress along the way.

The importance of performance measurement is summed up by Osborne and Gaebler (1992) in their book Reinventing Government. As they point out, the biggest influence on their thinking came from management consultants like Thomas Peters, Edward Deming, and Peter Drucker, from recognition that corporations suffer from bureaucratic rigidities, and that their structures are rooted in bygone eras. They also emphasize that "hierarchical, centralized bureaucracies designed in the 1930s or 1940s simply do not function well in the rapidly changing, information-rich, knowledge-intensive society and economy". With this in mind they conceptualized the rationale for a performance framework:

- What gets measured gets done.
- If you don't measure results, you can't tell success from failure.
- If you can't see success, you can't reward it.
- If you can't reward success, you're probably rewarding failure.
- If you can't see success, you can't learn from it.
- If you can't recognize failure, you can't correct it.
- If you can demonstrate results, you can win public support.

Even a well-designed, planned, resourced and executed EPG will face challenges. Managers are often confronted with the four strategic questions mentioned on our previous article and the fifth strategic question related to the execution phase: How are we progressing to achieve what we want to achieve?

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[1] *This series includes articles by Paul Dinsmore and Luiz Rocha, authors of the book Enterprise Project Governance, published by AMACOM in the USA in 2012. The articles are extracts and summaries of key topics from their book, providing information and guidance on one of the most important aspects of portfolio, program and project management today – governance. For information about the book, go to* http://www.amacombooks.org/book.cfm?isbn=9780814417461.

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To answer it we need a performance approach intended to help managers determine appropriate performance measures and allows to track progress, measure outcomes, support subsequent evaluation work, learn and, make adjustments to improve on an ongoing basis, and ensure adequate reporting on outcomes.

Defining an EPG Performance Approach

Performance measurement promotes accountability to stakeholders by facilitating informed decision-making and reliable monitoring, and by analyzing and communicating the degree to which organizations meet key goals. Here are the steps to achieve effective performance measurement:

Establish the fundamental performance topics.   The proposed approach is based on the logical framework (logframe), and the Why-How table presented on the June article of this series as shown below:
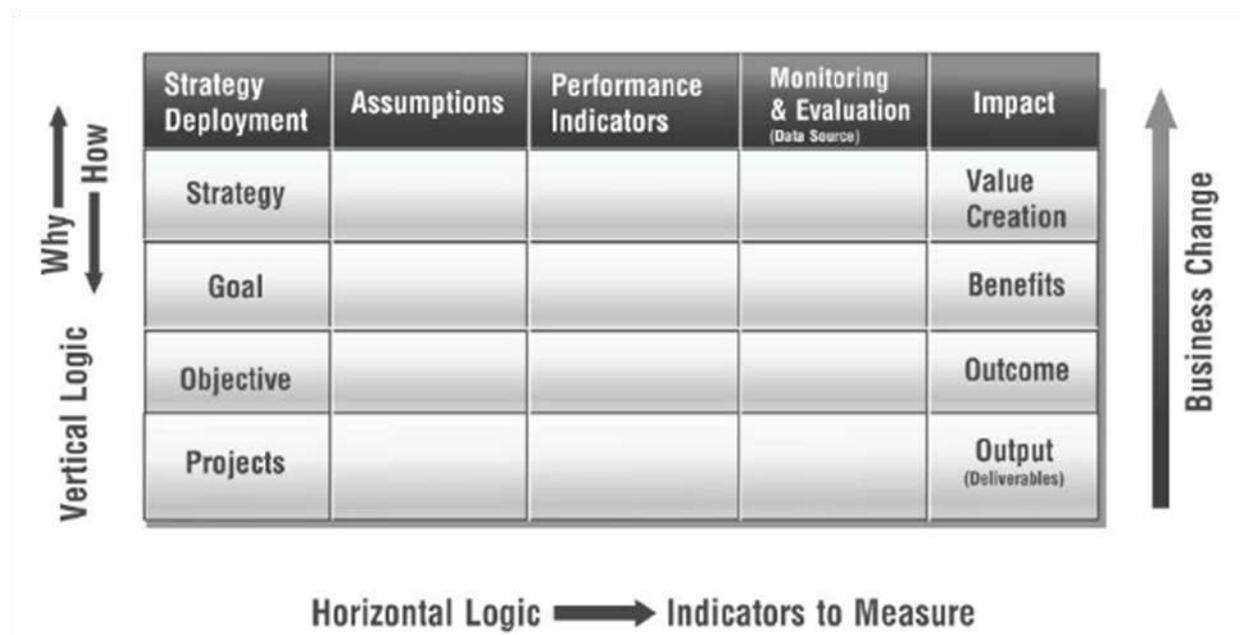
Establish success criteria. EPG performance depends on the eye of the beholder, i.e, the main stakeholders involved, especially the sponsors, and therefore requires evaluation across a spectrum of failure to success, based on performance measurement that balances strategy alignment, stakeholder satisfaction, critical processes, and capabilities. The Why-How table is the basis for establishing success criteria.

Planning. It is important to establish a cycle to monitor, evaluate, report, learn and improve. Monitoring and evaluation are necessary to allow accountability, accomplish the desired quality, and provide opportunities to learn from experience. The planning phase expands the initial progress indicators provided in the Why-How matrix into a control table with a format such as the one presented below:

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Strategy Deployment	Indicators	Key Terms Definition	Information Needed	Data Sources	Methods Data Collection	Responsible	Frequency of Collection
Strategy							
Goal							
Outcomes							
Outputs							
Activities							
Inputs							

During this phase it is important to establish the rewards associated with organizational areas and individuals' success towards reaching the established goals.

Monitoring. Is a systematic and continuous assessment of progress over time, which checks that things are "going to plan" and enables adjustments to be made in an orderly way. At a fundamental level it is an ongoing process that tells the manager where the performance is in terms of money, time, risk, and quality.

Evaluation. Is about analyzing the monitoring data and assessing what it means. It is episodic assessment of the change in targeted results. Evaluation attempts to link a particular output or outcome directly to an intervention after a period of time. Informed decisions are then made to adjust the course and improvements identified based on lessons learned.

Reporting. Is about communicating what have found out through monitoring and evaluation. Report needs to be concise and to the point in order to facilitate decision making and contribute to organizational value.

Improvement. Is about using the previous phases to make the way things are done in a better mode. One of the flaws observed in a number of organizations is that lessons learned are identified and forgotten. Lessons learned will only become a valuable asset if they are used for improvement.

Conclusions

Businesses continue to expand the number of projects in the midst of constrained resources. As projects become more complex, enterprises are tasked to deal with conflicting objectives around the increased complexity and shorter delivery times. In this environment, executing projects and programs successfully, aligned to strategy through the organization portfolios is a key business requirement. Successful performance depends on following the steps presented in order for programs and projects to create value to the organization supported by a consistent EPG framework.

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Enterprise Project Governance describes proven techniques for dealing with simultaneous initiatives and ensuring that programs and projects align with the priorities, resources, and strategies of the organization - and ultimately create value. Containing examples and case studies, the book provides readers with practical methods for incorporating enterprise project governance into their organization's culture, synchronizing it with corporate governance, and maximizing efficiency and results across departments.
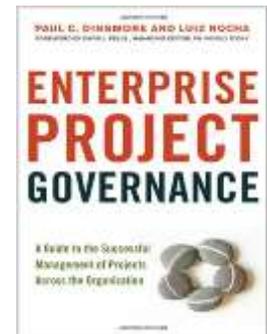
Whether one's view is from the boardroom, the executive suite, the project management office, or the project trenches, this is an important guide for anyone managing multiple projects. For more about the book, go to http://www.amacombooks.org/book.cfm?isbn=9780814417461.

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Paul Dinsmore is board chairman of DinsmoreCompass, and a highly respected specialist in project management and organizational change. A certified project management professional (PMP), he has received the Distinguished Contribution Award and Fellow Award from the Project Management Institute (PMI®). He regularly consults and speaks in North America, South America, Europe and Africa. Paul is the author and / or editor of numerous articles and 18 books, including the *AMA Handbook of Project Management*. Mr. Dinsmore resides in Rio de Janeiro, Brazil.

Luiz Rocha

Luiz Rocha has 35+ years of experience in the industry and business consulting. Luiz worked with Andersen Consulting and Delloite in the USA and Europe when he had the opportunity to manage multi-cultural and geographically dispersed projects in Latin America, North America and Europe. In Brazil he worked with Dinsmore Associates and Petrobras. Luiz is an engineer by background, MSc. in industrial engineering from UFRJ – Brazil, and certifications PMP, IPMA-C, and Prince 2 Practioner. He is also a published author with two previous books, *Business Metamorphosis,* in Brazil, and *Mount Athos, a Journey of Self-Discovery,* in the USA.