Advances in Project Management Series[1]

Project Governance

By Martin Samphire

There is a strong correlation between good governance and more successful projects. Good Governance is taking on a more prominent role in senior executives' minds as greater scrutiny is exercised and accountability for performance is expected. So what does good governance of project management look like and how can it be achieved? This article sets out some of the core principles, identifies the key players and enablers, and provides ten golden rules of good governance.

1. Introduction

Project failure rates and the reasons for failure are little different now from 30 years ago. The UK Cabinet Office and National Audit Office (NAO) list common causes of failures that have been well publicised over the last ten years – which strongly resemble those identified by the Harvard Business School some 30 years previously:

- Lack of clear link between the project and the organisation's key strategic priorities, including agreed measures of success.
- Lack of clear senior management and Ministerial ownership and leadership.
- Lack of effective engagement with stakeholders.
- Lack of skills and proven approach to project management and risk management.
- Too little attention to breaking development and implementation into manageable steps.
- Evaluation of proposals driven by initial price rather than long-term value for money (especially securing delivery of business benefits).
- Lack of understanding of and contact with the supply industry at senior levels in the organisation.

All of the above are mainly poor governance issues. A recent survey by the UK's Association for Project Management (APM, 2015) confirmed that governance elements are key factors in project success. The PMI (2014) Pulse of the Profession Survey and the PwC (2012) Global

[1] *The PMWJ Advances in Project Management series includes articles by authors of program and project management books previously published by Gower in the UK and now by Routledge worldwide. To view project management books published by Routledge publishers, click here. See this month's author profile at the end of this article.*

Survey have indicated that there is a competitive advantage for businesses in developing good governance practice.

One cause of governance failure is that organisations become 'comatose' and do not always enforce learning from past mistakes and successes. Moreover, the project environment is becoming increasingly more dynamic so organisations need to be more agile and flexible in their governance response. "I've started so I'll finish" is no longer an appropriate strategy.

2. Why does Governance matter?

Organisations invest at least 30% of their turnover on projects (many spend much more). There is now a greater recognition that good governance of projects and corporate portfolios is core to success, and this is borne out by research. For example, 'Fit-for-purpose governance strongly influences project and programme success" (PwC, 2012) and 'higher performance is correlated with higher maturity'. (ibid.). 'High performing orgniasations complete 89% of their projects, while low performers complete only 36% successfully' (PMI, 2014).

At times some members of senior teams neglect good governance until things go wrong. Boards (whether in the private or public sector) have a duty of care to shareholders and other stakeholders when investing in projects that will impact their bottom line and reputation.

Governance needs to be a strategic focus for all organisations. The UK NAO Report (NAO, 2013) on the Universal Credit Programme revealed a number of governance failures including:

- Overambitious timescales
- Unclear implementation strategy
- Lack of appropriate controls
- Use of a novel (for the department) methodology
- Lack of sponsor continuity

Similarly, reviews of the failed franchise competition for the West Coast Mainline in 2012 (NAO, 2012) found a number of governance failings:

- Unclear objectives
- Poor sponsorship and continuity
- Poor oversight
- Lack of transparency
- Poor planning

- Roles and responsibilities for approvals were unclear
- Too much reliance on quality assurance reviews
- 'the departments' governance lacked efficacy'

3. The Governance Landscape

The overriding aim of governance of project management is to ensure an organisation achieves change successfully with confidence, transparency and control. It should ensure that the organisation is aware of risks, minimises project failures and maximises the beneficial outcomes (value) from their overall portfolio of projects in a sustainable and transparent manner.

The link between corporate governance and the governance of projects, programmes and portfolios (3P) and project, programme and portfolio management (3PM) is paramount. Most organisations have a governance hierarchy and landscape that can be simplified as shown in Figure 1. It is critical to differentiate projects (new or change) from "not-projects" (business as usual) in any organisation because the required governance and management approaches are different (PwC, 2012).

Equally it is important to differentiate the "governance of project management" from the governance of individual projects or programmes and also understand how these relate to the overall operations or 'business as usual' (BAU) governance. Publications like the PMI's *Guide the Body of Knowledge* (PMI, 2013), *Prince 2* (OGC, 2009), and *Managing Successful Programmes* (OGC, 2007) describe methods covering aspects of the governance of individual projects and programmes. The governance of project management is best described in publications such as the APM BoK (APM, 2012) and particularly APM's *Directing Change* (APM, 2011).

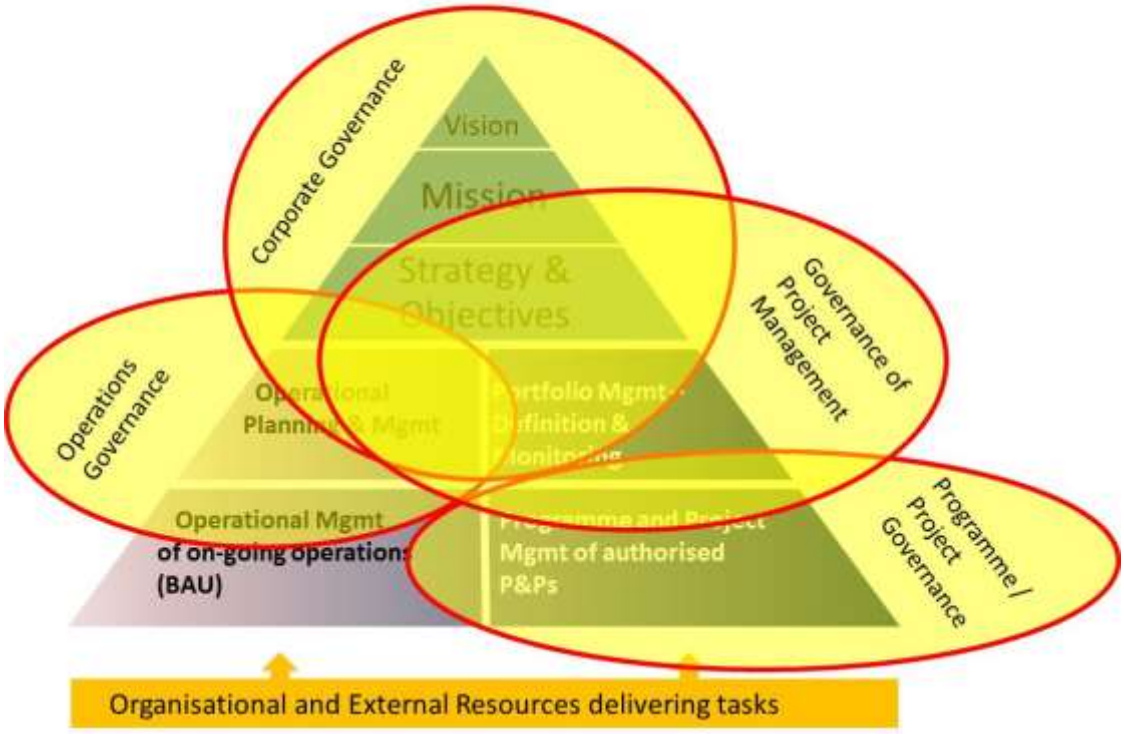

Figure 1 – Generic Organisational Governance Linkages

3.1 OECD Framework

The Organisation for Economic Co-operation and Development (OECD, 2004) lists the three main elements of a corporate governance framework:

1. A set of relationships between a company's management, its board, its shareholders and other stakeholders.
2. A structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined.
3. Proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders.

This governance framework is also relevant to project, programme and portfolio management.

3.2 The UK Corporate Governance Code

The UK Corporate Governance Code (FRC, 2012) states that 'governance is about what the board of a company does and how it sets the values of the company.' Good governance is

about: accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

One of the key roles for the board includes establishing the culture, values and ethics of the company. It is important that the board sets the correct 'tone from the top'. The directors should lead by example and ensure that good standards of behaviour permeate throughout all levels of the organisation. This will help prevent misconduct, unethical practices and support the delivery of long-term success. The 2014 update of the Code was designed to strengthen the focus of companies and investors on the longer term and the sustainability of value creation and requires the provision by companies of information about the risks which affect longer term viability. As such there is addendum guidance to the Code specifically aimed at Risk Management, Internal Financial and Business Reporting. The Corporate Governance Guidance and Principles for Unlisted Companies in the UK (IoD, 2010) has a similar focus.

The crucial element of the UK Governance Code that impacts the governance of project management is that the overall responsibility and accountability for good governance sits firmly with the Board.

3.3 Governance of Individual Projects and Programmes

Governance arrangements for individual projects and programme are linked to the overall governance of project management primarily via the role of the project / programme sponsor, the corporate project management method, portfolio management and review and assurance bodies. Key success measures include:

- Delivery of the project to time, cost and quality / performance criteria (the project manager measure)
- Realisation of desired benefits (the sponsor measure).

3.4 Governance of Project Management

The *Governance of Project Management* concerns those areas of corporate governance that are specifically related to project/change activities – across the whole enterprise. I would define it as:

> the set of policies, regulations, functions, culture, processes, procedures, relationships and responsibilities that define the establishment, management, control and reporting of projects, programmes and portfolio. Good project management governance sets the environment, boundaries, culture and regulatory framework for individual projects, programmes and the overall portfolio to succeed.

Governance of the portfolio includes choosing and prioritising projects to best meet strategic objectives. Stopping a project in the portfolio may be seen as a failure for the project sponsor and project manager, but a success for the overall business and Portfolio Manager – as long as it is done at the earliest opportunity - *failing early is the new success*.

4. Established Guidelines

We should all support the purpose of good governance, but what does 'good' look like and what do you need to put in place? Often boards of directors want an instant "already engineered" solution. However, as David Shannon, APM Governance Specific Interest Group chairman from 2003-2012, said "governance is like nailing jelly to a wall". Good governance in one organisation looks different from that in another.

4.1 Governance of Project Management Principles

Good practice guidelines for governance exist and are well established – they have been developed over many years to address common causes of failure. The best of the published guidelines for governance of project management is contained in the APM publication *Directing Change* (APM, 2011) that states:

- The board has overall responsibility for the governance of project management.
- The organisation differentiates between projects and non-project based activities.
- Roles and responsibilities for the governance of project management are defined clearly.
- Disciplined governance arrangements, supported by appropriate cultures, methods, resources and controls are applied throughout the project life cycle. Every project has a sponsor.
- There is a demonstrable coherent and supporting relationship between the project portfolio and the business strategy and policies, for example ethics and sustainability.
- All projects have an approved plan containing authorisation points at which the business case, inclusive of cost, benefits and risk is reviewed. Decisions made at authorisation points are recorded and communicated.
- Members of delegated authorisation bodies have sufficient representation, competence, authority and resources to enable them to make appropriate decisions.
- Project business cases are supported by relevant and realistic information that provides a reliable basis for making authorisation decisions.
- The board or its delegated agents decide when independent scrutiny of projects or project management systems is required and implement such assurance accordingly.
- There are clearly defined criteria for reporting project status and for the escalation of risks and issues to the levels required by the organisation.

- The organisation fosters a culture of improvement and of frank internal disclosure of project management information.
- Project stakeholders are engaged at a level that is commensurate with their importance to the organisation and in a manner that fosters trust.
- Projects are closed when they are no longer justified as part of the organisation's portfolio

5. Key Enablers

Before we get to the ten golden rules for good governance, we need to look at the key underpinning enablers that allow an organisation to get started on the journey to better project management governance. Implementation of good governance principles is not easy. There are two essential enablers:

- The acceptance of a framework for project management in the organisation; and
- The crucial role of the board.

5.1 Framework

Organisations need to consciously recognise and differentiate between business as usual operations ('BAU' or 'running the business') from projects ('changing the business'). Each needs a different governance and management approach. Failure to understand this differentiation results in 'wastage' of resources and staff confusion. Organisations need to ensure that people who do both 'BAU' and project activities have clearly defined performance criteria to ensure motivations are aligned to the right outcomes from each. Organisations need to commit to project working and be able to overlay project roles onto 'BAU job titles' and translate between the two. In the project world someone's 'BAU job title' is interesting but not as useful as their 3PM role title.

With maturity, most organisations quickly recognise the need for a formal framework for 3PM across the business and also move to ensure that there is a 'line-of-sight' between every project and specific corporate objectives, in some cases via programmes. The same needs to be true for the line of sight accountability via governance roles from project team member, via a project / programme manager, sponsor and thence to the main Board.

5.2 The Crucial Role of the Board

A Board sits at the apex of governance in any organisation and is responsible for risk oversight and maintaining sound systems of internal control. As such the Board is accountable for the overall governance of project management and must be convinced of the need for, and support of, a robust framework for 3PM. The Board needs to define the

portfolio direction for the business (set the strategic roadmap) and ensure good organisational capability is in place.

In large organisations many of the day to day accountabilities of the board for 3PM governance can be delegated to a sub-committee of the board (such as an investment or change board or committee). However, the crucial link back to the main Board needs to exist and the Board members need to recognise their role and accountability at the apex of governance.

The Board is responsible for 'picking' the right projects, ensuring they go through robust business case assessments and clear priorities are set and articulated. Once the corporate portfolio is established the Board should regularly challenge the portfolio and individual projects, assure progress, create the 'environmental' support (and culture) and put in place the organisational capability. This is how the Board controls the strategic roadmap and entry / exit of projects to ensure maximum value from the corporate portfolio.

6. Ten Golden Rules

From the research and my own experience I have captured ten golden rules for good governance. I commend that every organisation use these as the basis for assessing their project management governance maturity. The list is not exhaustive but represents the top 10 areas that organisations should act upon to improve. Each is explained below.

1. Alignment and Relationships
2. Vision and Strategic Roadmap
3. Golden Thread of Delegation
4. Framework, Process and Decision Gates
5. Clearly Allocated Roles
6. Requirements - Keeping the End Destination in Sight
7. Transparent Reporting
8. Capacity and Competence
9. Assurance
10. Leadership, Collaboration and Supportive Culture.

6.1 Rule 1: Alignment and Relationships

The PwC Survey (2012) found that 'there is an emerging trend towards strategic portfolio management functions' and that effective 'Portfolio Management is becoming a competitive differentiator". Companies that are poorly aligned with strategy reported weaker financial results than their peers. Subsequent surveys reveal that 'only 62% of programmes have an established or mature link between programme objectives and organisational strategy and only 50% of the respondents felt that the boundaries of their organisations portfolio were clearly defined and decision making well supported' (PwC, 2014).

The Board must recognise and ensure a strong link between each project in the portfolio and its intended impact on strategic objectives. In turn each Board member and each project or programme sponsor should be able to articulate clearly how each project or programme is aligned with strategic objectives and will affect strategic Key performance indicators (KPIs). The Board should define and own the entry, exit and prioritisation criteria for the portfolio. That requires regular challenges and reviews (at least quarterly) with a clear methodology to ensure maximum alignment. The Board should be aware of the constraints on the major projects and how they are being addressed.

Each Board member and Sponsor should have identified, and be engaging with, key stakeholders, ensuring they can see how the changes / projects impact on organisational objectives in order to gain their support.

At the Project level the team benefits from a strong alignment with strategic objectives as they can more easily resist challenge from external sources and proceed with the minimum interference and readjustment.

6.2 Rule 2: Vision and strategic roadmap.

A key board role is to set the strategic direction of the business and the roadmap to achieve the goals. The Board should have hands on engagement with the corporate portfolio of projects, or at least have a solid overview – with hands on engagement with the *vital few* highly strategic or high risk programmes - and other oversight delegated to a Board sub-committee.

At all three levels of Portfolio, Programme and Project (3P) there should be a clear vision or "end state" that defines clearly the destination for each (e.g. Market positioning, Target Operating model, etc.). The overall method for the journey towards the vision must be clearly articulated and understood by the team and stakeholders. At portfolio level, the Board owns and articulates the vision. The relevant sponsor has this role at the programme and project level.

Another key decision at the outset of a project is choosing the most appropriate delivery method. For example, choosing a traditional 'waterfall' type approach to deliver into a rapidly changing environment where the objective and methodof getting to the result is uncertain is likely to lead to project failure because the rate of change might outpace the rate of progress on the project. In this circumstance the Board ought to consider the merits of using an incremental delivery or a programme-oriented approach, like, MSP, DSDM, or Agile. References for DSDM and MSP are given at the end of this article. Specific guidelines for the governance of Agile projects are available from the APM. The important issue is matching the method to the circumstances and challenges – and ensuring that the governance regime matches the delivery method and remains flexible.

6.3 Rule 3: Golden thread of delegation

A key part of governance is to delegate an appropriate level of executive power to the key managers. Delegate too little and the manager's freedom will be excessively constrained. Delegating too much, risks that managers and the Board will lose touch with each other.

It is vital that each key governance role aligns with another for accountability. Organisations should have a systematic and documented corporate governance policy defining where (body or role in the organization) each type of change (3PM) decisions can be most effectively made, by whom and to what authority level (often defined by financial limits). Often organisations do have financial approval limits set by job description or seniority in the organization – but for the 3PM governance world this needs to be also by project role, for example, sponsor, project manager, stage review panel.

There should be a hierarchy of accountability in the way each level in the organisational hierarchy is granted defined responsibilities and powers. It is important that each level and person understands the expectations regarding their responsibilities in order that accountability leads to the most appropriate behaviours. That of course applies to any business organisation.

A basic principle of good governance is that no one individual should have unfettered power over decision-making. Checks or audits should exist that oversee the actions of individuals. Big decisions should be made on a collective basis. The corollary to this is that the Board maintains effective oversight of delegated decisions – receiving information, challenging, assuring and supporting to evaluate the effectiveness of performance and behaviour.

6.4 Rule 4: Framework, Process and Decision Gates

As stated previously, organisations need a framework that recognises and distinguishes projects from business as usual (BAU). Organisations that aspire to good governance go much further than this. They develop a comprehensive framework of lifecycles, defined role descriptions, 3PM governance roles, rules and detailed processes to ensure consistency of application and language across an organisation.

A crucial element of this framework is to have review and decision gates that all projects progress through (also known in some organisations as stage gates) to ensures that all projects are reviewed objectively by the business at key points in their life cycles. Good governance will specify when these critical decisions need to be made and name those involved in making them. Decision gates operate at three levels:

1. At portfolio level, to enable controlled entry and exit of projects to realise maximum value and monitoring and forecasting of strategic outcomes – where *failing early* is the new success

2. At programme level, to enable a clear business blueprint or target operating model, strategy, appropriate funding and benefits delivery at specific gates

3. At project level to enable appropriate definition, development of information, business case and delivery of 'product' at each gate. A particular focus for projects is to ensure that the appropriate level of focus is given to the 'front end'. Rushing into implementation without ensuring solid definition up front is always a false economy on projects. If the project is doomed to failure, then 'failing early' and cancelling the project is best in the long term interests of the organisation. And if adopting an Agile approach then 'time boxing' is crucial – for example, delay to a planned 'Gate Review' is unacceptable.

There should be consistent processes at all three levels to ensure consistency and address, for example, funding, reporting, quality, stakeholder, risk, value, benefits, cost, time, and issues management.

The gate approval process should be carried out by competent senior managers to ensure continuation of projects is in the best interests of the business. A Benchmarking Study of governance by the APM's Governance Specific Interest Group (SIG) found that 70 per cent of organisations had five or more gate reviews during a typical project.

Any framework should include targets for data collection, making key governance decisions and enacting them. Quick key decision making is particularly important in agile projects (within 24 hours, for example).

6.5 Rule 5: Clearly Allocated Roles

Organisations need line-of-sight accountability from project team member, via a project manager, sponsor and thence to the main board. 3PM roles and responsibilities should be made clear and accountabilities allocated – aside from business as usual job titles. Having clarity and avoiding overlap or gaps between role responsibilities is a crucial requirement for good governance and getting true accountability. I have seen many examples where, when things go wrong, key players are heard to say "I didn't realise that was my responsibility". In other cases an individual – often the project manager – is blamed for failure when it was, for example, the sponsor's responsibility.

Even if someone has a big job title in an organisation, the question should still be asked: 'what is their 3PM role and responsibility in the specific situation?'. Only then can we be clear on who is accountable for making the key decisions.

So both at project and programme levels we need to understand who the named individuals in the following roles are:

- Sponsor or project executive (who might be supported by a sponsor team, steering committee or a project board). This is not to be confused with a stakeholder group;
- Project manager;
- Senior user;
- Senior supplier.

The sponsor role is pivotal as I would argue that 6 out of the 8 causes of project failure outlined in the Introduction fall at the feet of the sponsor, not the project manager. Yet, despite this importance, the PMI Pulse of the Profession Survey (PMI, 2014) showed that more than a third of projects do not have a clearly identified sponsor.

Sponsor continuity is also crucial. A change of sponsor mid-way through the project life cycle is often cited as a key reason for failure. An APM Benchmarking study (APM, 2011) found that fewer than 25 per cent of projects have the same sponsor throughout. The NAO (2013) highlighted that the 'challenged' Universal Credit Programme had no fewer than five different sponsors in 18 months. Change of sponsor should also be treated as a reason to "relaunch" the project – going through the requirements, strategy and key success factors to ensure the new sponsor is supportive.

We also need clear role definitions at the portfolio level, where the politics become ever more complicated. These roles need a clear linkage to individual programme and project governance – no matter where in the organisation they sit or are driven from. So we need to names the body and its membership that is responsible for selecting and prioritising the corporate portfolio of projects (for which the main board is accountable)..

In this regard, the recent Benchmarking Study by the APM Governance SIG (APM, 2011) found that one of the key determinants of good governance was seen as having a project management representative on the board (a 'chief projects officer' or equivalent, for example). Over half of the organisations represented in the study had such a role.]

6.6 Rule 6: Requirements - Keeping the End Destination in Sight

Project management by definition is about achieving a result or change. So requirements definition and planning are crucial. But how many times do teams lose sight of the end objective or business case?

We carry out the task of planning by representing activities from today and then into the future - in the western world from 'left to right'. But we need to keep checking that the forecast result is still appropriate and that the 'left to right' activities, once completed, will result in the desired outcome. Hence we also need 'right to left' planning. This is essential in programmes as the end result cannot be defined precisely at the outset and the programme will keep changing in shape as the team learns and the environment of the programme develops; then the need for 'right to left' planning and re-forecasting the outcome is even more important.

Traditionally project practitioners like to "lock things down" and are trained to define things in a progressive level of detail through a life cycle from concept through to testing and completion. 'Locking onto delivery' too early can mean that a subtle change to the environment into which you are delivering can result in the end product being perceived as a failure – failure to meet what is necessary. Good governance needs to overcome this propensity – and keep a focus on the end outcome and needs, especially if the environment is dynamic. In short the higher level governance bodies need to 'stay conscious' and compensate for the lower levels sometimes becoming 'comatose'.

Throughout the endeavour key questions must be asked, and in a formal gate review setting as described above, about whether the desired outcome can still be met, the benefits are still on track, the method for delivery is still valid, etc. This is a crucial role of governance – to *imagine failure* -involving people outside the endeavour but linked into the business (the review panel) – with the knowledge that the people associated with the core endeavour may not be able to see what an outsider can see. Ultimately the key driver for projects and programmes is the beneficial outcome

At the portfolio level the Board governance activity would be to constantly re-forecast constantly and check to see if the desired business performance (the strategic objectives) can still be delivered within the dynamic business environment with the selected portfolio of projects. If not, the portfolio must be modified.

6.7 Rule 7: Transparent Reporting

There must be transparency of change decisions or actions and communication of their outcome using one version of the truth. Good governance should ensure that reporting is open

and honest and there are clearly defined criteria for reporting 3P status and for the escalation of risks and issues to the levels required by the organisation.

The Board has a key responsibility to set the appropriate reporting 'tone'. This should include ensuring that information published is suitable for easy absorption by the reader or audience. It should match the main measure of progress to the priority objectives – for example time, cost, quality, and benefits. In addition, the Board should be explicit about 'whistle blowing' and reporting of bad news.

Reporting needs to be hierarchical. Each report should be specifically addressed to the audience it is intended to serve. Reports should be available, in the most appropriate format, to all the key stakeholders in order to ensure transparency.

6.8 Rule 8: Capacity and Competence

A core area of governance is ensuring appropriate numbers (capacity), and skilled and experienced resources (competence) are in place for delivering projects. People deliver projects! There must be enough of them – with competence in their roles and with the right tools.

We would not expect to win a football/soccer championship without competent players in the right positions on the pitch. Why then do we assume we will have project success by fielding non-competent people on the 'project field'? In this respect the competence of all players including sponsors, senior managers and board members is vital. We can assume that these senior members of an organisation must be competent in their own domain to have risen to senior roles. But they all need to be competent in their new 'project roles'. This involves not just knowing the rules and language of the project game but having and practicing the skill to achieve project success.

Good governance is not just about appointing a competent project manager. That player is just one of the players on the 'project pitch'. Good governance is also about ensuring theat the other key players are competent in their roles and that they perform as a coherent and collaborative team.

A poll conducted by APM revealed that, the key principle from directing change (2011) that gave organisations the most difficulty was the competence, authority and resources of decision makers. Both private and public sectors have invested heavily in increasing the competence of project managers in recent years, but less so in other roles. The most important of these other roles is the Sponsor and the board/ members at portfolio level. A series of studies have shown that, on average, 50 per cent of sponsors do not know what is expected of them or do not feel competent to carry out the role. An APM benchmarking study found that only 8 per cent of the organisations used a competency assessment model for

selecting sponsors. Furthermore, only 40 per cent of the respondents had project benefits measures in their sponsors' personal performance measures.

We have already identified sponsor competence improvement as a key requirement for good governance (and project success) and an area for general improvement. Some organisations recognise this issue and are helping to build sponsor competence by having 'sponsor agents' (programme or business professionals to provide vital support to busy strategic sponsors) or sponsor coaches to help fill competency shortfalls.

The 2014 Pulse Survey (PMI, 2014) has demonstrated a direct correlation between effective talent management and better project performance. Organisations with the foresight to recognise that organisational capability improvement is a strategic objective, appoint a 'chief projects officer' (or similar). They develop a community of project professionals and establish a 'Centre of Excellence' – opening project management academies to develop talent. They encourage and expect staff to join reputable professional institutes and gain formal qualifications as part of professionalising project management.

6.9 Rule 9: Assurance

Corroboration of project status through rigorous independent review is the penultimate golden rule. Again, the Board (or its delegated sub-committee or Sponsor) needs to decide when independent scrutiny of projects, programmes or project management systems are required and implement such assurance accordingly. Independent scrutiny is a vital tool for the board to get a second opinion on the health of projects and project management in general. An independent view on a specific project does not necessarily mean using a body external to the organisation – a peer review might satisfy that need and increase cross business learning or sharing.

Assurance is the final 'safety gate' for ensuring that a Board or project /programme team has not become 'comatose' and lost sight of the desired outcome. A key assurance role is to ensure that the Board is fully conscious of what is happening and making decisions accordingly.

But beware! Boards need also to ensure that they don't 'just' rely (or over rely) on assurance reviews these are often only a 'snap shot' in time. The Board must remain conscious and ensure that other normal governance structures and reporting channels are also in place.

6.10 Rule 10: Leadership, Collaboration and Supportive Culture

I have left this rule to last because it is the most important and has the greatest impact on effective governance. Put simply, good governance is all about how people behave. These behaviours need to be set from the top.

The Board and Sponsors have a crucial leadership role, not only in defining and motivating people to meet the overall goal and objectives, but also to set the right culture to enable delivery.

The right culture is has to be driven from the top as the board members sit at the apex of governance. Only the senior people can set, reward and enforce a culture of transparency, openness, collaboration, performance focus, empowerment, single point accountability, role adherence, ethical working and so on. The board members need to individually and collectively demonstrate good behaviours of governance. The board has to ensure that the policies, ethics, culture and 'tone' are set appropriately and that adherence to good governance principles is not compromised. Board members need to foster a culture of improvement and of frank internal disclosure of information. Board members, either directly or indirectly, influence this (directly and indirectly) by what they say and what they do.

Improving and delivering good governance comes mainly through a change of culture, behaviours and relationships. Organisations do need a coherent structure and processes for project management and control that transcend the business, but they primarily need a culture and behaviour of people that actually believe in and want to do things in the right way. An organisation could have the best structure in the world, and all the right review/ authorisation bodies set up, but if the behaviour is wrong (with someone wanting to 'play a game' or circumvent lessons learned and good practice), good governance is destroyed.

End Users are running today's business and often feel they are too busy to spend time thinking about a project that will not deliver for some months or even years. But we all know that early user involvement is crucial to avoiding late user changes when they don't like the deliverable. Again this message to emphasise the need for early user involvement and the benefit needs to come from the top.

I have written much about the role of sponsor on individual projects and their leadership role as being critical to directing the project team, via the project manager. However, that role also includes protecting the delivery team from organisational interference. The sponsor needs to lead from the front and champion their project at every opportunity, not only within the organisations, but also with key external stakeholders.

7. The Key Players

The key players that have a core governance role are shown in a simple governance structure (Figure 2). This is not an exhaustive list as each organisation needs a governance framework that is proportionate to its needs. For example, the structure will be far larger for complex

and multi-owned projects. The important requirement is that the roles, authority and accountability lines are clear.

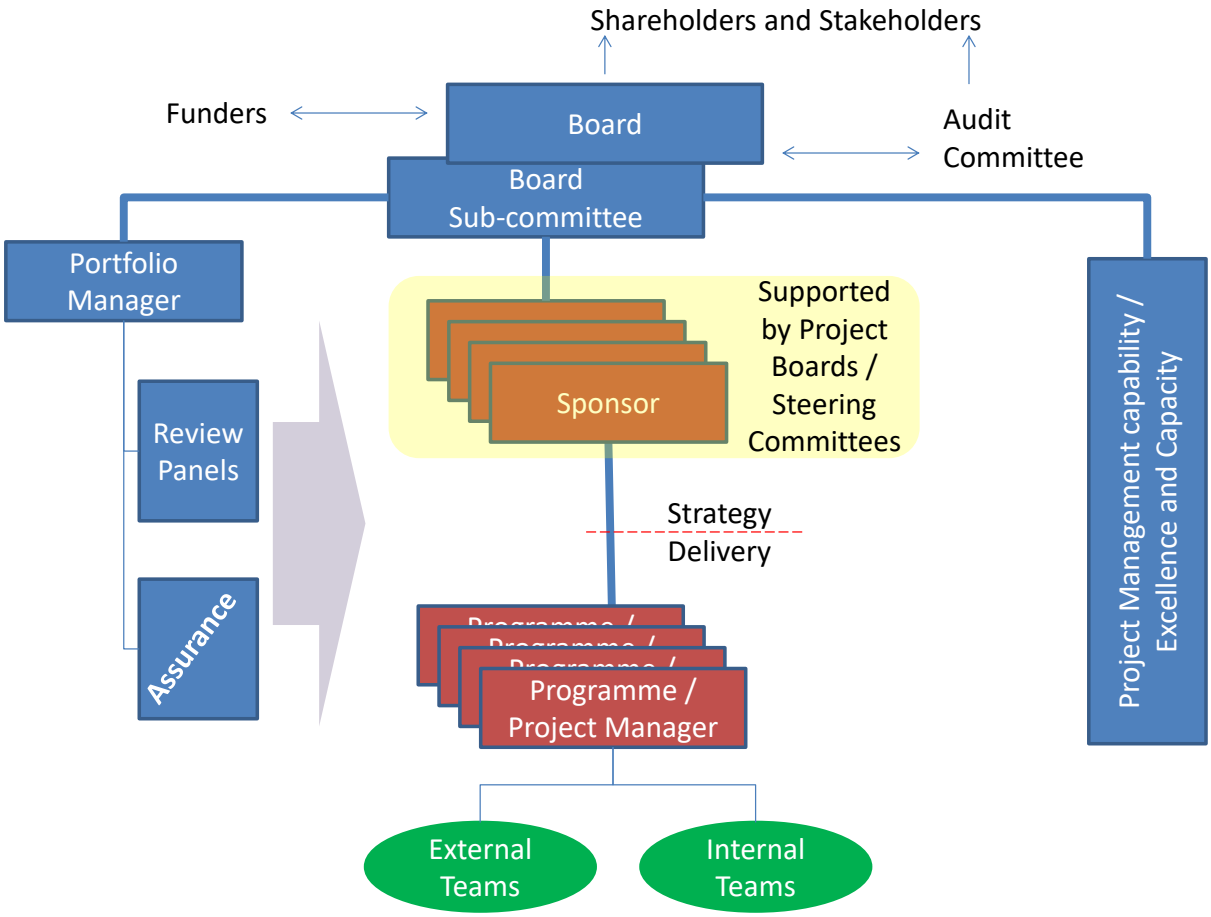

Figure 2 – Key Governance Players and Accountability Lines

8. How Much Governance is Enough?

Organisations are often are grappling with the question 'How much governance is necessary?' The answer will vary from one organisation to another. There are factors that have to be considered, including size, marketplace, stakeholders, maturity, appetite for risk, management style, history, personalities and competence. There is no one right way of delivering 'good' governance, but applying the basics and the suggested ten golden rules is crucial to making a good start.

In smaller organisations the board would probably be intimately concerned with all their projects. However in bigger organisations with larger portfolios I would expect responsibility for governance to be delegated. However, the delegation must be in a hierarchy

Where the board still has visibility of the most significant strategic projects and is assured that all others have an appropriate delegated level of governance with links back to the top.

The key requirement is that the governance framework should be proportionate and realistic. It should be structured and applied in a flexible and pragmatic manner. It is not an end in itself but a means of adding value to an organisation, providing continuity, increasing transparency and controlling risk.

9. Success

9.1 Summary

Success in project delivery has not improved markedly over the last few decades. The reasons for failed projects are the same now as then. Most of the causes are the responsibility of the governance of project management – and specifically the sponsors of projects and programmes and main board members. Good governance of project management is not a dream. By following the principles and golden rules outlined in this article, organisations can move toward better governance, and thence to more successful project outcomes.

Structure, process and tools are essential enablers to improve governance. However, the crucial enabler is the behaviour and leadership of the board or top team and project sponsors. Organisations need to make good governance a strategic objective. Directors and executives of organisations must stay conscious, avoid becoming 'comatose' and become more professional in their roles associated with projects and change. Above all the key success factor in projects is having an engaged and effective sponsor.

9.2 Two simple suggestions

There is no silver bullet for project success. However, to counter governance (project) failures I suggest two simple interventions to make a difference.

First - I have focused this article on the role of the Board or Executive team. However project managers also need to take some responsibility for governance and project failure. They often spot issues of poor governance but do nothing about it as they feel impotent. My message to project managers is to be more challenging and demanding of their organisation. Use the rules and principles of good governance, spread the word, hold them up to those responsible for governance, and ask them to challenge themselves as to how they are doing. Attaining good governance is a journey to which all must contribute.

Second - For senior teams, at the starting point of each project, the senior team must be a little more circumspect and *imagine failure*. Instead of thinking that everything is going to go

right, imagine the worst case scenario: challenge the sponsor, reflect on the normal reasons for failure, revisit lessons learned from previous projects and ask what special steps are being taken in order to address the normal reasons for failure upfront.

During the rest of the project ensure that they and their colleagues remain conscious - things will change but keep asking the same questions. This simple good governance approach can be taken by any board or senior leadership team. Also in this small this way they can demonstrate their overall responsibility and pro-activeness.

Ultimately the board is accountable for good governance and has to ensure the right process, competencies, culture and behaviours are in place.

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About the Author

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Martin Samphere is the owner and Managing Director of 3pmxl Ltd, a consultancy that is based in the UK and specialises in implementing major transformation and helping clients to transform their business using structured PPPM approaches. He has over 30 years management consulting, change, project, programme and portfolio implementation experience in both the private and public sectors - in the UK and internationally. He has directed and contributed to a number of complex business and organisational change programmes to fundamentally reshape and improve client business performance, often enabled by technology. He has also led a number of assignments to improve an organisation's capability to better manage portfolios, projects and programmes

Martin is a mechanical engineer by training and started his career in major capital project contracting in the petrochemical sector with Foster Wheeler. He moved into consulting with The Nichols Group and thence to Impact Plus and Hitachi Consulting, helping organisations to implement organisational change in a more structured project and programme oriented way. He started 3pmxl in 2011.

Martin is Chairman of the UK based Association for Project Management (APM) Specific Interest Group (SIG) on Governance. This Governance SIG has developed guidelines for Governance of Project Management, including 'Directing Change', 'Governance of Multi-owned Projects', 'Sponsoring Change' and 'Directing Agile Change'. He was also formerly a committee member for the APM SIG on Portfolio Management. He authored chapter 19 on Governance in the 2nd Edition of the Gower Programme Management Handbook (2016).

Client organisations he has worked with have included: Atkins, Arcus Partnership, Capita, Devon and Cornwall Constabulary, DNV-GL, eni, Metropolitan Police Service, Northumbrian Water, Practicus, Proger S.p.a., Saipem, Thales, Thames Valley Police, Thames Water, Turner and Townsend, Valldata.