

MAXIMISING IT PROJECT PERFORMANCE THROUGH BETTER GOVERNANCE

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Abstract: This paper addresses key issues relating to the contribution IT Governance towards an improved project performance. While good project management systems, processes, and trained people, add so much value in implementing good governance, good governance help projects to perform better in more efficient and effective manner.

1. Background

Project Management is relatively new discipline, however, the trends in project management profession show today it has matured to an extent that many areas of the organisation can be benefited by the presence of successful project management strategies. Project Management has moved from just being a tool for implementing strategies to mature profession that interconnect all the other disciplines of the everyday business. Organisations today view Project Management as a way of turning organisational strategies in to reality, especially because of its unique result oriented approach.

However, implementing successful project management strategies will only be possible in an organisation where there is a system that encourages good governance practices. These organisations will empower people, give them the freedom to make decisions, provide proper leadership, and supportive structure. They align IT governance strategy with their organisations' vision and objectives.

It has been evident in recent researches and case studies; IT project performance can be significantly improved with good governance that fosters a suitable structure, leadership, people and the processes. ISACA Marketing Director, Kamal Wickramanayake, from Software View, sharing his own experiences says that,

IT projects fit into the larger enterprise strategies. If the other enterprise functions don't work well, IT reflects the same.

2. Corporate Governance and Project Governance

Corporate governance has been there for sometimes, however the importance of Project Governance concepts, as well as IT Governance, are not well understood by many.

Paul D. Gardiner, in his book *Project Management: A Strategic Planning Approach (2005)* has heavily emphasized the importance of proper governance in the implementation of strategic projects. He suggests that the principles of governance are important in business because they underpin major ethical decisions in the face of uncertainty tremendous competitive pressures. With our experience in projects, we know that we can look at our projects the same way we look at our business. Because our business strategies are implemented as projects, and we work with tremendous amount of pressure and in a highly competitive environment where uncertainties are countless. To achieve the maximum benefit in such a situation, we need to have the right system, tools, processes and the right people, which will all be calling for good governance.

Unfortunately, as governance is still relatively a new concept in IT projects, it still perceived as something outside the scope of the individual projects. It is generally linked with the corporate governance and will be kept outside the project. So the maximum benefits cannot be achieved at the project level. Discussions at Program level governance is widely available than the governance at Project Level. If the governance strategies implemented at IT program level and can be followed at the project level, we can still ensure the success of individual projects, as they make up the total program or the portfolio.

What is important here is, ensuring all IT projects are supported by a suitable governance strategy, and it is meeting the stakeholder expectations.

As key concepts behind Project Governance and corporate governance are similar, it is interesting to see how project management experts see the connection between the two. Among many other experts in the profession, http://www.pmis.co.uk/project_governance.htm, providing a simplified definition, say that,

Corporate Governance relates to accountabilities and responsibilities for the management of the performance of an enterprise, where, Project Governance extends the principle of Governance into the management of individual projects.

This also confirms what we have mentioned earlier regarding the importance of bringing in good governance into the individual project to achieve the maximum efficiency and successful project outcomes.

3. Link between the IT Governance and IT Project Governance

A project management expert, Gartner define IT Governance as "Assignment of decision rights & the accountability framework to encourage desirable behaviour in the use of IT". In plain English, IT Governance is the rules and regulations under which an IT department functions. It is a mechanism, put in place to ensure compliance with those rules and regulations.

According to COBIT 4.1 guidelines, of IT Governance Institute, www.itgi.org IT governance is the responsibility of executives and the board of directors, and consists of the leadership, organisational structures and processes that ensure that the enterprise's IT sustains and extends the organisation's strategies and objectives.

According to (http://www.projectperfect.com.au/info_governance.php) Project Governance is the rules and regulations under which an IT project functions. As with IT Governance, it covers the mechanisms put in place to ensure compliance with those standards.

Project governance should be aligned with overall project portfolio management, from the idea to the acceptance of the project. From the inception to the completion of the project, governance should look at the total process, and provide the required standards, procedures and methodologies.

Project governance should spread across the project, starting with the standard project management methodology. Having a standard project management methodology is the right start for good governance in project. Then it can be expanded to other sub-processes in the project. The governance should be built in to the standard project management process of the organisation.

PMI PMBoK suggest that Organisational Process Assets are an input to many of the project management processes and highlight the importance of all these processes, procedures and tools and techniques used in monitoring their success. Governance should look in to all these areas in detail and help in establishing the standards in projects and the compliance requirements. Good governance ensures all the standards are complied.

4. Strategies for better governance in projects

4.1. People and Structure: Establish a governance structure with clear accountabilities and responsibilities for key-decision making

COBIT 4.1 definition on IT Governance provides that IT consists of the leadership, organisational structures and processes that ensure that the enterprise's IT sustains and extends the organisation's strategies and objectives. And, in IT Projects, this becomes the responsibility and authority of the project manager. Project Management should ensure that they follow the processes which ensure that enterprise's IT will do this job after the implementation.

Project Managers should get involved from the initial stage of the project, rather than being appointed after all the key decisions are made by the business / sales responsibilities.

Many projects face situations where no-body is taking responsibility when things go wrong, as they have not defined a clear structure, a communication matrix, and a roles and responsibility documents / matrices have not been prepared and signed-off during the planning stage. To ensure good governance in projects, and to avoid similar problems, it is important to establish a governance structure with clear accountabilities and responsibilities for key-decision making.

More examples we see in our day today projects; Establishment of a high-level Steering committee for the project, if possible, including the CEO of the organisation, to ensure good governance, Establishment of the

Change Control Board for Change management, Adopting project Life Cycle Models with clear structure and sign-off criteria for each stage.

4.2. Project Leadership and Authority

We have seen after many corporate collapses CEOs or the leadership were questioned and sometimes even held responsible for the failures. One reason for this is the importance of the leadership in good governance. Good governance starts with proper leadership, and when proper leadership is not present, the governance system will also collapse.

Leaders should be able to share their vision with the others and get people at all levels of organisations to work towards it. People will do their best when they are given the opportunity with the required amount of authority and support. Roles and responsibilities of project managers and project leadership should be clearly designed and documented to ensure all the requirements of good governance are met.

On the other hand, one of the key purposes of governance is to ensure the required standards and the procedures are followed, and this can only be achieved with a proper leadership. Project Managers and project leaders can ensure governance requirements are met, by periodically reviewing and auditing the processes and standards.

4.3. Processes: Introducing new requirements, standards and processes

Introducing or standardizing the processes is important in establishing good governance. Organisations like PMI USA (Project Management Institute USA) provides the standards for project management which can be applied to any project environment to introduce good governance. PMI Project Management Body of Knowledge (PMBOK) recommend project management processes, key knowledge areas and the processes built around them. This can be adapted to any IT project environment.

Organisations can also introduce new requirements on their projects to align their corporate strategy with the project strategy and promote good governance. This will maximize the return on investment as projects will meet the requirements of the stakeholders as well as the requirements of the organisation.

Having these standards in place will not itself improve the project performance. Good governance requires these standards to be carefully monitored and checked to see whether the objectives of introducing the standards are met.

4.4. Ensuring stakeholder satisfaction:

Better governance in projects lead to stakeholder satisfaction as it will help ensure that complex IT projects deliver the value expected of them. Good governance structure, proper leadership, clear roles and responsibilities, transparency in project data, all will lead to the stakeholder satisfaction.

Many corporate failures we have come across in the recent past; like Enron, World com, OneTel had one thing in common. There was no transparency in financial data. Good governance demand for the transparency in financial data and other project information. Stakeholder must be kept informed about the true project information throughout the project to gain their support to maximize the project performance.

Sometimes organisations forget that their project team members also belong to this group called 'stakeholders'. As an organisation, if we don't make our project team members happy, and always make decisions by focusing on the bottom line, we might not be able to achieve the best performance in our projects, even when all the other pre-requisites for a better governance strategy are present.

4.5. PMO Strategy

If implemented carefully, a PMO, Program Management can play a key role in assuring good governance in projects, and increasing project performance. Project Management Office is usually responsible for the project portfolio management where the decision to go ahead or not with a project is made. Involvement of the project professionals at this stage will avoid many problems that can arise in the future, as they will have a say on the decision.

Also, the PMO is responsible in overall management of the total project portfolio, developing project management methodology, standardizing processes and procedures to achieve organisational objectives. PMO can overlook the implementation and monitoring of organisational IT system and ensure it meets the requirements of the organisation. PMO can also ensure good governance practices are used throughout project

life-cycle and projects will generate the expected value. PMO can establish a governance structure covering all the aspects of the major projects.

5. Conclusion and Ideas for Further discussion

A friend of mine once told me, “*some folks think governance is all about compliance, but it is not*”. It is about proper leadership, people, structure and the supportive system that takes organisation towards a successful future. We need to understand where we want to go, our vision, and decide on the IT strategy that support and help achieve the vision. Involvement of the project management from the very beginning of the project will help ensure that we understand the value this project is going to add to our organisations.

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