

Applying a Life Cycle Framework to Implementing a Governance Model

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Executive Summary

Governance implementation is a unique endeavor, which must be properly understood, planned, and accepted by the entire performing organization in order to be deemed successful.

Sponsorship and adherence to the designed processes that drive governance will assure that the appropriate structure is in place to support enhanced decision making, issue, risk, and corrective action resolution, along with escalation management.

Establishing structured communications will maintain linkages throughout the levels of governance and assure that the organizational strategy, mission, vision, and desired outcomes are maintained and aligned. This alignment can provide assurance to the organization, knowing that the outcomes of the performing initiatives are meeting its goals, as the predefined process provides the proper oversight to the responsible individuals. When governance is working correctly, the organization will be performing at an optimal point.

Maintaining strategic linkages through structured reporting and analysis of the portfolio-assigned projects and programs assures continuity and relevance to the organizational strategy. Assurance checks built into the governance model via process, policy, and procedures, assures the performing teams that the portfolio requirements either have or have not changed. Even though we are ultimately focused on communications, we are also relying on governance model participants adhering to those processes, policies, and procedures.

Additionally, one must understand the attributes that define the overall organization. Design the model with a strong understanding of the organizational culture, hierarchy, politics, relationships, vendors, and partners, along with internal and external alliances.

Remember that when transitioning to your governance model, identifying and understanding the soft attributes are not trivial and should not be ignored. The more you can understand the mentioned attributes, the more flexible, customizable, and applicable your governance model can be. Ultimately, the success of your organizational governance will depend on how you apply the framework and the model you build.

Who Should Read this White Paper?

This white paper is intended for any resource associated with the organizational project portfolio, ownership of any project within the organization, or for individuals who are required to perform or execute tasks associated with projects or programs that are internal or external to their organizations. Specifically,

this white paper will use the governance framework that can be applied to most organizations, provided there is a need to drive structure, sponsorship, ownership, accountability, and communications.

The governance framework is a guide for building and establishing structures within your projects and programs.

When completed, the builder should have a model that is fluid and flexible enough to address the most complex of organizations.

After reading this white paper, you should have a clear understanding of what integrated governance can do to promote accountability and ownership, enhance decision making, improve the use of resources, and ultimately accelerate project and program execution.

Introduction to Governance

Governance is in demand now more than ever before.

Executives are consistently asking internal teams, partners, and vendors to streamline the use of their resources, time, schedules, and expenses. There is an increased effort to move faster and perform more efficiently when delivering and supporting projects and programs. Executive management is beginning to understand that governance is more than just a marketing or industry buzzword. Increasingly, teams are requiring that governing structures be included as parts of the scope of work documents in order to ensure that organizations competing for business know how to drive decision making, participation, and ultimately accountability in the services being proposed. Governance combines and ultimately addresses the needs to establish structure, hierarchy, sponsorship, ownership, accountability, and communication to support enhanced consistency in execution, ownership, and delivery.

Governance establishes accountability from the strategic planning process throughout project delivery, implementation, and service management. The governance body is implored to manage portfolio priorities through changing economic conditions, industry adjustments, corporate decisions, and resource constraints. Governance reinforces decision analysis and review in order to verify, validate, and manage through the changing business environment. If built correctly, it will integrate and align the needs of the business, technology offerings, services support, and ultimately, customer satisfaction. Moreover, it enables the people, process, and technology paradigm to seamlessly adjust and adapt. If modeled and implemented correctly, this structure can address the requirements of the most complex organizations.

Do You Require Governance?

Are you organized appropriately to address the demands to move faster? Can you operate in a thin management model that has reduced decision makers to a minimum? Are you in the position to communicate your requirements to your

partners and vendors while enabling them to meet your project and program portfolio demands? Can you respond to your vendor's request for information at the speed required to meet timetables and deliverables? Is communication suffering as a result of too many unplanned demands on your time? Are you available when critical decisions need to be made, which require your complete and direct attention? These are a few questions that our customers face every day. The financial landscape is being shaped by the current economic climate and defined by unpredictable moving targets that put our organizations at the risk of failing.

The good old days, when management could sacrifice the budget by throwing more time, cost, and resources at the problem, as long as ultimately the deliverables were met, are now a distant memory.

Organizations, now more than ever before, are being held accountable for the performance of the internal teams, vendors, and partners they have selected to assist them in delivering on their portfolio commitments.

Unfortunately, if you are trying to drive complex projects and programs without established governance within the organizational framework, you are probably digging a hole that is a bottomless pit. No one wants the responsibility of managing projects or programs that get the attention of executive management for the wrong reasons.

If partners and vendors are constantly requesting that you make your internal resources available to address their ongoing project or program situations and decisions, you might want to review your approach to governing your projects. It is important to keep in mind that if you position your partners and vendors to consistently fail, they will not continue to work on your behalf. Also, remember that your partners and vendors have challenges and demands placed on them from both internal organizational and external contractual perspectives.

Additionally, if you or your vendors find it a challenge to get stakeholders engaged, there is a loss of control to deliver. Governance promotes the defining of a quality product within a timely fashion. Without receiving direct customer participation with regard to decision making, corrective actions, and issue and risk mitigation, the majority of your initiatives will most likely fail.

Designing Governance

When defining an appropriate governance model, one must take into account specific organizational details that define the customer's working environment. These details include the overall organizational project portfolio size and number

of projects; project priority and ranking; organizationally defined key initiatives, budget, and funding; sponsorship; stakeholders; decision-makers; resource availability; and, the needs for organizational structure and hierarchy.

Using a governance framework to develop an implementable governance model is a unique endeavor, which will require teamwork and buy-in from the parties involved.

When recommending a formal governance model, one should start with a generic framework (Figure 1). This framework (from top to bottom) focuses on the layers of governance that typically exist in most organizations. The top layer, the Executive Governance layer represents the executive linkage to the overall framework. The Executive layer represents the linkage from the defined strategic initiatives through to both the Execution and Delivery layers. The model implies that there is ownership at the Executive layer, and that each layer has roles and responsibilities that will enhance and streamline the overall effort.

The middle layer, the Execution Governance layer is a critical layer for the modeling of the overall governance process. The strategic plan is established and set at the Executive (top) layer and then received and interpreted at the Execution layer. The Execution layer is the foundational layer for the delivery because it sets the foundational groundwork for sound requirement definition in support of the executive

defined strategic plan (portfolio of projects). The framework divides the Execution layer into clear life cycle phases as the building blocks needed to architect, engineer, manage, and operate the defined strategic initiatives from initiation to completion.

Even though this framework is generic by nature, it compiles standard aspects of an organizational methodology to assure that the appropriate roles are defined to support decision making, ownership, and accountability for all involved parties. Additionally, the life cycle empowers teams to clearly define roles and responsibilities, while also driving decision resolutions that will enhance the delivery of all project or program initiatives.

The bottom layer, the Delivery Governance layer, is the culmination of the strategic initiatives set forth by the Executive layer and the validated requirements to support the strategic initiative defined in the Execution layer. The Delivery layer aligns all of the work into deliverable components called “projects and programs.” In this layer, the day-to-day performance of the projects and programs are controlled and delivered to meet the strategic initiatives. This layer is responsible for achieving the desired goals and objectives of the two previous layers. The bottom layer will use the upper layers to make adjustments through communication mechanisms and media.

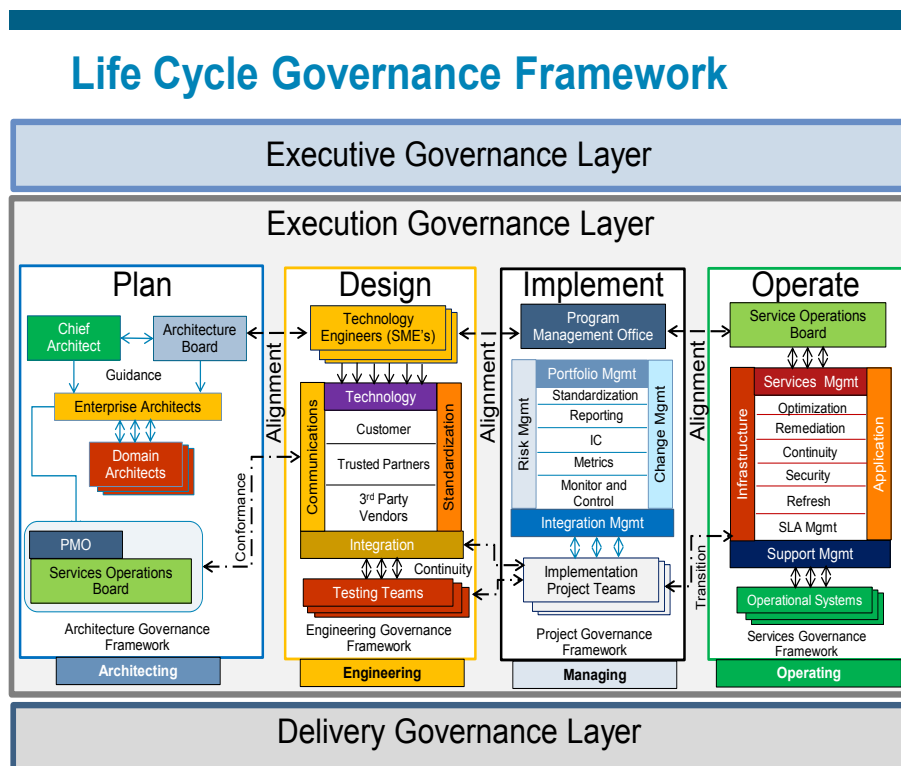


Figure 1: Life Cycle Governance Framework

Understanding the Governance Model

The governance model is made up of three distinct levels, which support analysis, alignment, resolution, performance, measurement, and reporting. The key aspect of the governance model is integrated communications. Communications is the vehicle that powers the entire governance model. The word “integrated” suggests that all components of the model are linked with the ability to effectively communicate within and across the levels. Communications cannot be emphasized enough when explaining the basic functionality of this governance model. Effective communication flows in both directions within and throughout the model in an effort to maximize execution and minimize obstacles.

Executive Governance Layer

In an effort to clarify the differences between each layer, we will begin with the Executive Governance layer (top level). The Executive layer addresses the ownership, accountability, and strategic alignment of initiatives back to the organizational portfolio. The definition of portfolio in this discussion is the outcome of the process for reviewing strategic initiatives in the forms of projects or programs to attain organizational goals and objectives set forth in the mission and vision. The output of the portfolio process is often the portfolio of projects, along with the associated budgets in the forms of appropriated finances and ranking of project execution as defined by the strategic management team. The Executive Governance layer in the model should include the leadership team, which is empowered to make decisions that are in the best interest of the organization. This level would also include the partners or third-party leadership team equal to that of the owning organization. At this level, the participants are often managing to the predetermined outcomes. Most decisions and discussions are financial in nature and more than likely have large ramifications impacting the strategic direction of the organization. Sponsorship is clearly defined and established at this level. At the Executive layer, decisions are decisive and impactful. Normally, this team is not involved with the day-to-day execution of the projects, but is strategically updated through specified reports on the overall performance of the projects or programs. Typically, the Executive layer is also the final level for issue, risk, and corrective action resolution.

Execution Governance Layer

The Execution layer is the middle component of the overall Governance model. This model generally is in place to assist

with a defined level of responsibility regarding the direction and continuous execution of the projects and programs in relation to the strategic direction defined in the strategic business case. This level is likened to a load balancer, because it is empowered by the Executive level to have pre-determined levels of decision-making powers. This level is also responsible for directly making adjustments to the day-to-day delivery performance and is where the stakeholders generally reside. The Execution level has the ability to resolve and communicate the resolution to the Delivery level or escalate to the Executive level and this is where the load-balancing activities occur. This level is critical because it is often designated as the first level of escalation via predefined trigger processes. This level also defines the reporting requirements to the Delivery level resources to ensure that the project performance is running at its optimal peak. In this level, one has to truly understand the political, cultural, and key competencies of those involved.

At the Execution Governance level, the designing of effective processes will depend on establishing a clear understanding of the hierarchy, along with some of the soft attributes of the organization (the soft attributes are discussed later in the document). The team members participating at this level should have experience with running or being involved with the discipline of project management. The larger the gap of understanding, the more difficult time you will have selling the concepts of process-based, decision-making, and control triggers for the prompt resolution of issues.

The Execution Governance level also takes into consideration partners, vendors, and third-party participants in your projects and programs. The designated customer roles normally are matched to the participating partners, vendors, and third parties.

At this level, it is common for the involved resources to take adjustment and correction from the Executive level and understand the needs for adjustment and correction from the Delivery level; this level will normally include your decision and analysis boards. These boards will consist of business, technical, and vendor resources and will need to understand the impacts to the projects or programs from a triple-constraint perspective. The boards are generally integrated in order to properly assess and understand the impacts of making changes or staying the course, regarding the delivery of a desired outcome.

This level cannot function properly without the other two levels being defined. The understanding and acceptance of the roles and responsibilities of the resources involved at this

level will generally determine whether or not the initiatives will be successful.

Delivery Governance Level

The Delivery Governance level is at the bottom of the Governance model. The positioning of this level has no relation to its significance to the overall model. In fact, it could be considered the critical level because this is where the actual measurable outcomes are being produced. This is often viewed as the working level, because this is where the work is being planned, constructed, tested, deployed, and ultimately transitioned to operations. The resources at this level are the owners of the daily work effort. This level produces the results that are reported at the top two levels. The Delivery level depends on the other levels to remove obstacles that may slow them down or prevent the end product from completion.

In the Delivery Governance level, the discipline for project management is being consistently executed. The governance that occurs here can be at the project, program, or PMO level. At the three project levels, there are definitions that communicate the project organization. This is done in an effort to properly deliver the end product of simple or complex initiatives defined by the Executive level, communicated and directed by the Execution level, and ultimately built and delivered by the Delivery level.

In the Delivery Governance level, the project, program, and project management office (PMO) are all responsible for the collection and accumulation of the data that support performance reporting. At this level, the same trigger definitions exist; however, the timetables may differ due to a number of factors. At this level, it is critical to keep a daily understanding of decisions, risks, issues, and activities that will ultimately impact the delivery of an initiative's outcome. It is likewise critical that at this level the appropriately skilled and experience resources are in place to deliver against the requirements set out by the Execution level.

At the Delivery Governance level, the normal roles involved will be the owning stakeholder in the form of a manager, technical delivery resources in the forms of architects and engineers, and project delivery resources in the forms of project, program, or PMO management resources. These resources will normally be representatives from the customer, partner, vendor, and third-party participating organizations. Understanding the organizational hard and soft attributes and competencies will assist in building out this component of the governance model.

Additionally, the organization's project management culture and experience will impact the ability to implement

this model. Project management and the institutionalization of the core disciplines will greatly assist in defining this component of the governance model. It will be essential to establish the basic processes at this level in order to correctly communicate to the top two governance model levels.

Transition to a Governance Model

The transition from the governance framework into the governance model is where the hard work truly begins. It is critical that the organization understand that there is a need for an enhanced organizational communication structure. The buy-in or acceptance of the enabling virtual structure can often be met with confusion, which ultimately leads to resistance. Often, organizations begin the journey of implementing governance without full disclosure of what lies ahead.

Governance models cannot be implemented overnight. Many talk about organizational governance and sell management on the thought that governance can dynamically occur because governance is desired. Often, management teams are misguided and believe that when a steering committee is defined, you have established governance.

The proper way to transition to a governance model is to educate your organization. Clearly define the purpose and how governance might improve your ability to meet the desired goals and objectives. A good reason to implement governance is that it assists with appropriately identifying each level's ownership and accountability. Governance drives the assignment of roles and responsibilities to the appropriate decision makers for all involved participants, whether customer, partners, or third parties. Governance institutes processes that support enhanced and purposeful communications at each level of the model. Governance also provides processes and structures to understand and manage risk decision making using predesigned triggers.

Additionally, governance supports integrated communication, organizational alignment, issue, risk, and corrective action escalation for all levels of management. Governance promotes structured review and analysis to drive decision making and quick resolution at the Executive, Execution, and Delivery levels of any organization.

Transitioning into the governance model will require that a project team be identified to make sure that you can properly build the structure, along with supporting processes to transition into the model. Keep in mind that there may be resistance; however, if you don't formally organize the effort, that old adage, "that the devil is always in the details," will impact your ability to build and implement meaningful governance.

Additionally, management sponsorship is critical when attempting to design and implement governance processes, policies, and procedures. These processes, policies, and procedures will provide guidelines for governing the flow of information between the levels. Once they are in place, everyone involved with the model will need to understand and adhere to the predefined responses that are prescribed.

The processes, policies, and procedures that support governance require careful thought and planning. When designing the supporting governance processes, you might want to take a “keep it simple” approach. If the processes, policies, and procedures are too stringent, then no one will follow them, thereby rendering them useless and dooming the governance model.

In addition to the policy, process, and procedure designs, there are a few soft attributes to consider. We describe soft attributes as things we understand but that are not necessarily formally documented. Another thing to consider is whether the organizational culture will support governance. For example, some organizations tend to be silo focused and are not culturally structured for governance.

One soft attribute that you might want to consider involves organizational project maturity. It is important to understand that governance can be instituted at different levels of the project management maturity curve. It will be much more difficult to implement a governance model if the

organization is not comfortable with running large projects and the increased resource accountability.

Another soft attribute to consider is the organization’s project culture. If the organization is not mature and does not understand the project management discipline, the likelihood of implementing an effective governance structure is lessened. It is important not to minimize the understanding of the project management discipline when trying to move an organization to a governance model. Many organizations do not like to share their failures or admit that there is a problem requiring escalation. These organizations tend to operate in silos and are generally more organized in a line management fashion. Typically, these types of organizations don’t run projects and are not accustomed to the processes within the disciplines of project management. The project management discipline is built from multiple processes that support the execution and delivery of projects. If the concept of project management is understood, creating the supporting structure in the form of a governance model becomes easier, because process adherence is already a core component of organizational makeup.

Another soft attribute to consider is the organizational hierarchy. Understanding how the organization is designed will impact the players at each level in your model. In concept, the three levels defined in Figure 2, serve as a basis for placing the correct team members in the appropriate roles

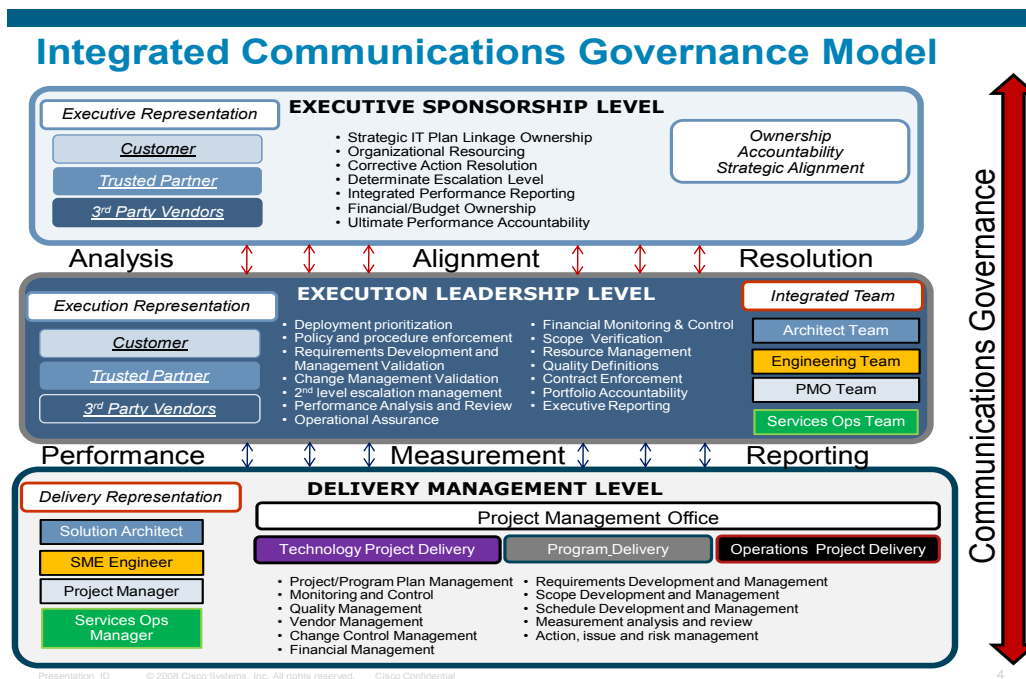


Figure 2: Integrated Communications Governance Model

within the model. When constructing the model, you need to carefully identify who, what, why, and when for individuals placed into the model. Keep in mind that the model is flexible and you may need to reassign the players based on the initiative or initiatives the organization intends on governing.

Modeling is flexible and can be designed to address most situations. If there are multiple levels of decision makers, you will need to consider how they interact. You will need to go through detailed exercises to determine how organizational hierarchy and its layout impact or dictate information flow, politics, relationships, and core competencies.

Additionally, when building out the model, it is important to understand the organizational portfolio process. Normally, this is the process the organization uses to define the initiatives it must undertake to support the organizational direction.

A portfolio can be described as the number of projects, involved technologies, required deliverables, and the available resources needed to attain a desired outcome.

The portfolio serves as the adhesive that binds the strategic goals and objectives to the requirements and ultimately drives the end results in the forms of deliverables or outcomes.

About the Author

Eric Pratt has over 18 years of experience in the IT project and program management field and is a senior program manager for Cisco Systems within the Advanced Services organization, leading the Complex Program Management team. Eric has developed and delivered global projects and programs in countries such as Germany, Sweden, the United Kingdom, Spain, and France. Eric has experience in the automotive, pharmaceutical, manufacturing, financial, government, and commodities trading industries. Additionally, Eric works at the University of Chicago Graham Graduate School, where he teaches project and program assessment and recovery in its Program Management Professional Certification Program.