

Project Governance

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PMG 424

Lecture 09



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Governance of Programs

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Chapter
09

Learning Outcomes

- Clarifying the logic behind developing project programs.
- Discussing a project programs as a governance structure.
- Highlighting the types of decisions made in project programs.
- Understanding the role of programs in achieving portfolio objectives.
- Explaining program control as related to governance and information needs.

The Logic of Programs

- A project may consist of a larger or smaller number of ongoing projects being run simultaneously.
- As these projects typically compete for a finite number of often scarce resources, they need to be governed.
- In this case, the focus is on:
 - Ensuring effectiveness by 'doing the right projects'.
 - Ensuring efficiency by 'doing projects right'.

**Whereas Effectiveness Is Achieved Through Project Portfolios,
Efficiency Is Achieved Through Project Programs**

What is a Project Program?

- A project program is a grouping of projects by common objective unable to be realized with a single project alone.
- Programs are structured to consist multiple projects that bear on one idea or outcome.

What is a Project Program?

- A programs of projects is meant to maximizing efficiency.
- Such organizations emphasize synergies stemming from combining several individual project objectives into a larger overall objective.
- In this type of organization, skill sets needed may vary significantly between the individual projects.

Efficiency and Project Programs

- Efficiency can be improved through effective use of programs.
- Efficiency is achieved through minimizing costs of converting inputs to outputs within and across projects with a common goal (a program).
- These costs are known as transaction costs within TCE (Transaction Costs Economics).

Importance of Programs

- Programs are the source of efficiency that must be balanced with portfolio effectiveness.
- Programs are important to:
 - Controlling multiple projects to serve a common goal.
 - Ensuring the best use of resources when developing products that fit with market needs.

Decisions on Programs

- The board of directors makes the decision on whether and how to use portfolios and programs to implementing the project-based organizational works.
- These decisions are related to:
 - Whether to pursue projects with the same goal as a higher structure (program).
 - How these higher structures, if any, are managed to ensure efficient outcomes.

Main Areas Concerning Programs

- Governance of programs aims to ensure achievement of a major objective or benefit through the sum of outputs of several individual projects.
- The main areas of concern at the program level are the management of benefits and stakeholders, as well as governance of the projects within the program.

The Reality of Programs

- It is a mistake to think of a program as 'simply a large project broken up into easily manageable parts'.
- Whereas projects deliver a measurable, often physical output, programs often deliver benefits that are less tangible, at least in the early stages.

The Reality of Programs

- An example of a program is the Apollo program, which had a major objective of establishing a reputation for NASA as the leading space exploration agency.
- Each Apollo mission was a project within the program, but the major objective could only be achieved by the sum of the results of all the individual projects.
- The achievement associated with this objective was initially intangible (reputation); and became tangible later (contracts and funding).

Forms of Programs

- Two main forms of project programs exist, each has its own major implication for program governance.
- These are:
 1. Temporary Programs.
 2. Semi-permanent Programs.

Temporary Programs

- This form of program has a defined end date, such as implementing a new Enterprise Resource Planning (ERP) system by incremental rollouts over time.
- The success of the program will be measured once the final rollout has been successfully implemented and the program is finished.
- In this form of programs, objective setting, planning, budgeting and scheduling are done during early stages to be governed primarily with control in mind.

Semi-permanent Programs

- This type of program has No defined end date; it remains active, for example, as long as there is a market for the product or service it produces.
- These programs include Not only projects, but also operational processes.
- The program is terminated only by a specific event, such as when the product being produced is decommissioned.

Semi-permanent Programs

- An example is a new model of a car that is manufactured continuously and receive its annual face-lift (in form of projects) if there is a market for that model.
- These programs are planned and budgeted annually to fit with the visionary objectives that can only be vaguely estimated at the start.
- These programs require a more entrepreneurial approach to governance than the temporary programs.

Program Governance

- Program governance is the process of developing, communicating, implementing, monitoring and assuring the policies, procedures, structures and practices for a program.
- Program governance provides a framework for decision making and is guided by strategic management, portfolio management and any cross-program governance directives.

Execution of Program Governance

- Governance of programs is executed by the executive sponsor and their program steering committee.
- These committees consist of the executive sponsor of the program, a business change manager, portfolio manager, and other stakeholders (as needed).
- The program manager reports to the steering committee, mainly to the executive sponsor of the program.

The Aim of Program Governance

The Aim of Program Governance Is To Be An Enabler For the Aspired Program Benefits By Setting A Framework Allowing For A Coordinated and Efficient Execution of the Program and the Projects of Which It Consists

Goal Setting

- Goal setting is a governance function that ensures the achievability of the proposed program, and that its required prerequisites are in place.
- Goal setting must ensure that the proposed program fits with the culture, policies, and objectives of the overall corporation - this includes the program:
 - Methods (processes, tools and techniques).
 - Facilities and skill sets.
 - Context (the specialist employed, market segments to be targeted).

Effective Goal Setting

- Effective goal setting needs to address:
 1. General Program Governance Practices related to:
 - defining the program's success criteria;
 - contracting and contract management practices;
 - depth and accuracy of planning and control within the program;
 - reporting and communication standards; and
 - procedures for escalation, risk handling, resource procurement and safety.

Effective Goal Setting

2. Identification and communication of the program's contribution to the portfolio objectives, which includes the program's qualitative and quantitative performance measures (including tolerance levels), together with their emergence over time.
3. Defining the goals and establishing agreement on the 'three themes' of program management: benefits management, stakeholder management, and project governance.

Themes of Program Management

- **Benefits Management**
 - Benefits management consists of defining the program's benefits and agreement on a plan for how best to manage attaining them.
 - The program governance institution (the program steering committee) identifies the benefits, and the program manager develops the benefits management plan.
 - The nature of the benefits management plan is likely to differ, depending on the form of program being implemented.

Themes of Program Management

- Stakeholder Management
 - Stakeholder management consists of defining the objectives for how to manage the different stakeholder groups.
 - This includes determining:
 - ✓ the certain stakeholders who have priority over others; and
 - ✓ the intended level of involvement of such stakeholders.

Themes of Program Management

- Project Governance
 - Project governance consists of identifying any possible constraints for governance of the projects comprising the program.
 - For example, legal constraints on using specific project management methods and techniques and so on.

Achievement of Program Objectives

- The means of achieving program objectives are the budgets, skills and other resources needed.
- Other means of achieving program objectives include the need for appropriate:
 - Organizational structures.
 - Roles and authorities.
 - Program Management Office support.
 - Program managers.

Organization Structures

- Organization structures include relevant program hierarchy which allows for decision making at the appropriate level.
- Program structures should allow flexibility in program execution (reallocating resources) to be balanced with the need for central and formal decision making (cancelling a project when necessary).

Roles and Authorities

- Roles and authorities to be assigned by the program steering committee.
- In addition to the program management role these include:
 - Opportunity management roles and authorities.
 - Resource management roles and authorities.
 - Program maintenance roles and authorities.

Program Management Office Support

- Ideally the program steering group should decide to establish a dedicated PMO.
- This can be either:
 - an expert team whose function is to support the choice of methods and application of tools and techniques, or
 - an administrative team whose function is to relieve the productive program resources from the need to do unproductive administrative work.

Choosing Appropriate Program Managers

- Just as programs differ from projects, so does the role of program managers differ from that of project managers.
- While the project managers are more focused on strict planning, management and solving of technical issues, program managers are tolerant of uncertainty, embrace change and are more aware of wider business influences.

Attributes of Program Managers

- The attributes of program managers are grouped into three groups based on the relationship between program managers and:
 - the program work itself.
 - the program team.
 - the program environment.

Levels of Program Manager

- The four levels of program managers are chosen based on the nature, size and complexity of the program.
- These program managers range from:
- Level 1: The Lowest Level.
 - This level concerns that the scope of the program is effectively delivered.
 - It is mainly concerned with detailed planning and reuse of procedural solutions that have worked well in the past.

Levels of Program Manager

- Level 2:
 - This level concerns for the wider organizational impact of the program.
 - These are managers in the traditional sense, detached, delegating, but still able to adapt to the specific circumstances of the program.
 - They are concerned with effective execution of the program but also its impact on the surrounding organization.

Levels of Program Manager

- Level 3:
 - This level concerns for the achievement of high-level program outcomes.
 - These managers use their corporate social intelligence and their high commitment to success to overcome obstacles, motivate and exploit the talents of others and plan for contingencies.
 - They are aware of the pace with which their environment can absorb change and adapt the program accordingly.

Levels of Program Manager

- Level 4: The Highest Level
- This level concerns for development of strategic capabilities.
- These managers can take on several roles, from detailed work to strategic thinking.
- They are inspirational, charismatic and culturally sensitive leaders, able to adapt the environment to suit their purposes.
- They are very future oriented and can portray the program within an external context.

Controlling Program Progress

- Program progress is measured according to:
 - portfolio level: its contributions to the portfolio objectives, and
 - program level: its achievements in terms of benefits and general plan adherence.

Controlling Program Progress

- A Stage Gate Review at the end of each program phase is suggested to:
 - compare plans and achievements,
 - assess and evaluate performance, and
 - analyzing lessons learned and risks.
- These reviews help to decide on continuation, suspension or modification of the program.

Program Progress Reviews

- The level and frequency of control is synchronized with the governance needs of the program and the information needs of the steering committee.
- Main program reviews include:
 1. Pre-program setup: reviewing the program idea and deciding on whether to invest in the program is made.
 2. Program setup: reviewing the program and benefits management plans and deciding on the investment required to establish the necessary infrastructure.

Program Progress Reviews

3. Establishing the program and technical infrastructure: reviewing the fit of the infrastructure and deciding on the investment in projects for benefit creation.
4. Benefits delivery: reviewing whether the benefits are created, or the market for the product no longer exists, and deciding on whether to close the program.
5. Closing the program: reviewing the finishing of a program, and the handing of subsequent benefits over to the appropriate organization.

Conclusions

- A programs is a grouping of projects by common objective unable to be realized with a single project alone.
- Skill sets and resources needed may vary significantly between the individual programs.

Conclusions

- Two main forms of programs exist, each has its own major implication for program governance: Temporary Programs and Semi-permanent Programs.
- The main areas of concern at the program level are the management of benefits and stakeholders, as well as governance of the projects within the program.

Conclusions

- Governance of programs aims to ensure achievement of a major objective or benefit through the sum of outputs of several individual projects.
- Governance of programs is executed by the executive sponsor and their program steering committee.

Conclusions

- Program progress is typically measured based on its contributions to the portfolio objectives, and its achievements in terms of benefits and general plan adherence.
- The level and frequency of program review is related to the governance needs of the program and the information needs of the steering committee.

Task 1

- Find an internationally successful company, and discuss what forms of program it adopts, and how each form contribute to achieving their portfolio, and strategic, objectives?

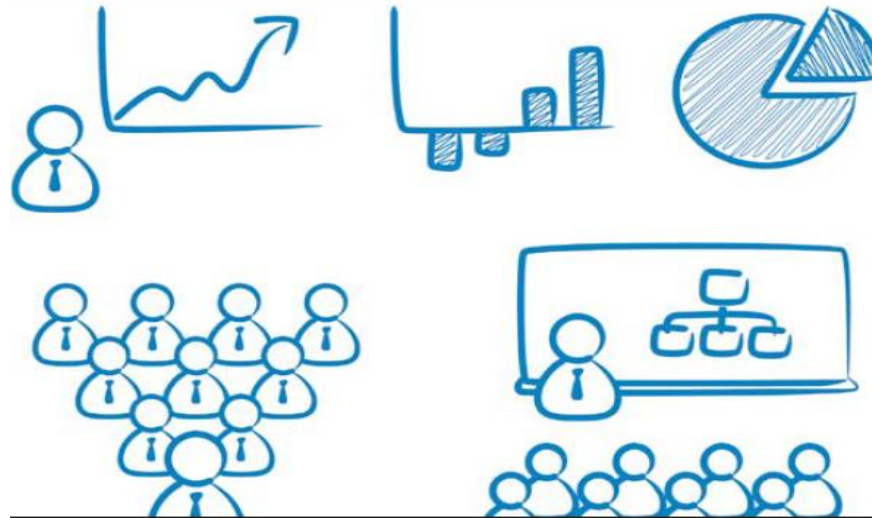
Task 2

- Find a locally successful company, and discuss what types control and review it uses, and how each type is related to their governance and information needs?

Reference

Project Governance

Ralf Müller





Thank You