

Project Governance

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PMG 424

Lecture 10



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Governance of Projects

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Chapter
10

Learning Outcomes

- Definition: Governance vs. Management
- Discussing the role of the steering group as the governance institution of projects.
- Understanding the different views of projects.
- Highlighting the main capabilities of project managers.
- Emerging Trends in Project Governance.
- Smart Tools for Modern Project Governance.

Why Project Governance?

- Project governance is not a luxury—it's a necessity.
- 70% of large projects fail due to poor governance, not poor execution.
- Governance ensures alignment with strategy, accountability, and value delivery.
- Real-world cases: Infrastructure delays, budget overruns, strategic misalignment.

Definition: Governance vs. Management

- **Project Governance:** The framework, functions, and processes that ensure a project is properly directed and controlled at the strategic level.

Project Management: The application of knowledge, skills, tools, and techniques to meet project objectives.

→ Governance asks *“Should we do it?”*

→ Management asks *“How do we do it?”*

The Aim of Project Governance

- Project governance aims at the consistent and predictable delivery of the project's planned contribution to the portfolio – and thereby to the achievement of the corporate strategic objectives – within the framework of corporate governance.
- Project governance provides risk minimization, transparency, division of ownership and control at the project level.

Approaches of Project Governance

- Governance frameworks are developed from different approaches; either a top-down or a bottom-up approach.
- Top-down approaches are developed from an outcome perspective and represent the Flexible Economist and Versatile Artist paradigm.
- Bottom-up approaches take a control perspective and represent the Conformist and Agile Pragmatist paradigm.

Perspectives of Project Governance

- This distinction has implications for the depth to which governance is carried out by the institutions governing projects.
- An outcome perspective provides flexibility in project execution if the governance institution (the steering group) feels that the intended outcome can be achieved.
- A control perspective calls for more upfront planning and estimation, strict control procedures and contingency plans.

Core Principles of Project Governance

- Strategic Alignment
- Accountability
- Transparency
- Assurance
- Stakeholder Engagement

Key Governance Components

- Project Sponsor: Strategic owner
- Steering Committee: Decision-making body
- PMO: Standards, support, oversight
- Project Manager: Execution within boundaries
- Auditors: Independent validation

Level of Project Governance

- Depending on its specific situation, a project may have a higher or lower need for governance - typically, high governance is indicated:
 - where project failure would lead to very severe consequences;
 - when the project is mission critical;
 - when the parent organization works in rapidly changing markets;
 - where corporate governance requires a strong focus on a particular project;
 - the project must be realigned to a new strategy.

Level of Project Support

- Depending on its specific situation, a project may have a higher or lower need for support - typically, high support is indicated for projects that:
 - lack resources and other support from the parent organization;
 - incur resistance from within the parent organization to accept the project or its outcome;
 - have inexperienced project management.

Steering Group Governance Roles and Tasks

- The governance roles and tasks of the steering group include:
 - establishing the governance infrastructure;
 - setting the project goals;
 - provision of the means to achieve those goals; and
 - control of progress.

Steering Group Meetings

- These meetings are initiated at the start of the project.
- They are typically held more frequently in the first few phases and last few phases of a project, when they might be held weekly or, on high profile projects, even more frequently.
- During the other project phases, they will usually be held monthly and at agreed-to decision points, such as stage gate reviews.

Project Governance and Project View

- There are two main project views that have implications on how projects are governed:
 - The transaction to be performed, which is the project as an object consisting of contract, process, method and outcome (process).
 - The agency performing the transaction, which is the project as an object consisting of the project manager and the team (people).

Project Governance As A Transaction

- Decisions on how to govern the project as a transaction are made based on keeping the costs of governance to a minimum - these are the costs of:
 - Adaptiveness: the costs of aligning the interests of the various parties involved in the contract.
 - Contract governance: the costs of governing contract execution, including the costs of monitoring, control, meetings and reviews.
 - Contract administration: the costs of developing and agreeing on contract contents.

Types of Project Management Methodologies

- Project management methodologies can be grouped into:
 - Predictive methodologies,
 - Convergent methodologies, and
 - Emergent methodologies.

Predictive Methodologies

- This type of methodology represents the traditional project management such as waterfall.
- These methodologies are sequential in nature, thus require complete planning of the project before, or very shortly after, the productive work begins.
- This type of methodology is used in low-risk industries (construction), and often use fixed price/fixed date contracts.

Convergent Methodologies

- This type of methodology uses little upfront planning with a moderate level of detail such as the dynamic systems development methods (DSDM).
- It supports projects where the details of the deliverables cannot be clearly defined at the start.
- This type of methodology is used in moderate-risk industries (manufacturing), and often use fixed price with variable fees/variable date contracts.

Emergent Methodologies

- These methodologies allow for the incremental building of project deliverables such as Scrum or Agile.
- The advantage in such methodologies is that benefits are gradually delivered.
- The sponsor and steering group are required to have an in-depth understanding of project requirements and priorities.
- This type of methodology is used in high-risk industries (IT), and often use variable price/variable date contracts.

Choice of Project Management Methodology

- The choice of project management methodology depends on project type and the nature of the project deliverable.
- The methodology chosen impacts the governance of the project, as it defines both:
 - The relationship between project manager and steering group.
 - The type of information exchanged during steering group and other governance and project meetings.

Governance of the Project As An Agency

- Beside process and contract there is the human part of the project which also needs to be governed.
- For the project to be viable, it must align to the business, the parent and the project organizations.

The Project Manager

- There is no one size fits all when it comes to project managers.
- Successful project managers need managerial competences that allow them to guide a team towards defined objectives.
- The type of these competences depends on the project size, industry and complexity.

Project Manager Competencies

- Project managers working on large and/or complex projects must have:
 - Project management knowledge and experience (methodologies).
 - Business area(s) related knowledge (benefits).
 - Engagement and communication (team members and project clients).
 - Leadership capabilities (doing the right things).
 - Intellectual, emotional and managerial capabilities (people and process).
 - Creativity and risk management (uncertainty).
 - Conscientiousness and self-awareness (reasonableness).

Choosing an Appropriate Project Manager

- Steering groups should evaluate the specific leadership needs for each project and match project types with appropriate project managers.
- A good project manager may Not have the necessary competencies from the outset; these can be developed during the project.

Emerging Trends in Project Governance (2023-2025)

1. Adaptive Governance
 - Flexible structures that evolve with project phases
2. Data-Driven Governance
 - AI and analytics for real-time performance monitoring & risk prediction
3. ESG Integration
 - Environmental, Social, and Governance criteria as success metrics
4. Digital Governance
 - Integrated PMIS platforms, live dashboards, cloud-based oversight
5. Value Chain Governance
 - Critical for mega-projects and public-private partnerships (PPPs)

1. PMI's Governance Framework
 - Focus on portfolios, programs, and projects
2. UK OGC Gateway Process
 - Decision gates at key milestones
3. ISO 21505:2023
 - International standard for project governance principles
4. PMBOK® Guide – 7th Edition
 - Shift from processes to principles and outcomes
5. 💡 Saudi Context: These frameworks are increasingly adopted in Vision 2030 mega-projects (e.g., NEOM, Quality of Life Program)

- Challenge:
Ultra-large-scale, multi-stakeholder, high-risk, long-duration project
- Governance Practices:
 - Independent Project Board
 - Specialized technical committees (tech, environment, community)
 - Decision gates with external reviewers
 - Integrated digital command center for real-time oversight
- Outcome:
Enhanced investor confidence, improved risk control, and strategic alignment

Case Study 2 – Digital Transformation in Saudi Ministry of Health

- Objective: Digitize services across 200+ hospitals
- Governance Approach:
 - Regional "Digital Governance Officers"
 - KPIs directly linked to Vision 2030 (e.g., patient satisfaction)
 - Cloud-based tracking dashboards
- Key Lessons:
 - Early engagement of end-users
 - Clear separation between governance and implementation teams

Practical Governance Tools

RACI Matrix	Clarify who is Responsible, Accountable, Consulted, Informed
Project Charter	Formal authorization document approved by executive leadership
Risk Register	Centralized log of risks, linked to governance review cycles
Performance Dashboard	Real-time KPIs (e.g., Power BI + Primavera integration)

- Smart Tools for Modern Project Governance
- Smartsheet: Automates workflows (e.g., approval chains, alerts).
- Monday.com: Visual real-time tracking of tasks, budgets, and KPIs.
- Jira: Supports Agile governance with sprint-based delivery and change logs.
- Oracle PPM: Enterprise-level portfolio governance for strategic resource allocation.
- *Example.* In a hospital construction project, Smartsheet auto-sends budget reports to sponsors; Monday.com shows delayed tasks; Jira governs a digital health app team; Oracle PPM helps the Ministry prioritize health projects.

Smartsheet – Workflow Automation

- Automates repetitive governance processes such as approvals, escalations, and status reporting.
 - *Example:* In a public infrastructure project, Smartsheet triggers an automated approval chain: when a change request is submitted, it routes to the project sponsor, then to the steering committee, and logs the decision—reducing approval time from 10 days to 2.

- Provides intuitive dashboards to monitor tasks, budgets, risks, and stakeholder feedback in real time.
 - *Example:* A startup launching a digital marketing campaign uses Monday.com to track daily ad spend, conversion rates, and team workload. The governance board accesses the live dashboard weekly—no manual reports needed.

Jira – Agile Project Governance

- Enables governance in fast-paced, iterative environments by linking sprints to strategic outcomes and maintaining transparent change logs.
 - *Example:* A Syrian health-tech team building a telemedicine app uses Jira to align each 2-week sprint with a specific benefit (e.g., “online appointment booking”). The sponsor reviews value delivery and risks after every sprint.

- Offers integrated portfolio management for large organizations to prioritize projects based on strategy, capacity, and risk appetite.
 - *Example:* A Ministry of Health uses Oracle PPM to evaluate 15 health initiatives. The system recommends funding the electronic health record project (high strategic value, low risk) while deferring less critical ones due to budget constraints.

- **Fixed Elements (Governance Layer – Set by Leadership)**
These remain constant to ensure strategic discipline:
- **Strategic Alignment:** Every initiative must support the organization's core goals.
- **Value Focus:** Deliverables are judged by real business or social value—not just activity completion.
- **Risk Thresholds:** Pre-approved limits (e.g., budget variance $\leq 10\%$, timeline slippage ≤ 2 weeks).

- **Flexible Elements (Execution Layer – Managed by Teams)**
These adapt dynamically to changing needs:
- **Team Autonomy:** Teams self-organize tasks, roles, and tools within governance boundaries.
- **Iterative Delivery:** Value is delivered in small, testable increments (e.g., every 1–4 weeks).
- **Adaptive Planning:** Scope and priorities evolve based on user feedback and market shifts.

Agile & Hybrid Governance: Balancing Stability and Flexibility

- **Best Practice: Align Governance Cadence with Sprints**
 - Steering committees should review progress, value, and risks at the end of each sprint or every 2–4 weeks—not quarterly.
- **Real-World Example:**

A Syrian e-learning startup builds a mobile platform for university students.
- **Fixed:** Must improve student access (strategy), deliver measurable learning outcomes (value), and stay within \$50K budget (risk threshold).
- **Flexible:** The team chooses Scrum, releases new features biweekly (e.g., quiz engine → video lectures → discussion forum), and adjusts priorities based on student feedback.
- **Governance Sync:** The sponsor and investors review working software and KPIs (e.g., user engagement, bug rate) after every sprint—enabling fast, informed decisions

Future Trends in Project Governance

AI-Driven Governance

AI analyzes real-time data to predict risks and recommend actions.

→ *Example:* An AI-powered dashboard alerts a hospital construction project: “Risk of 3-month delay due to permit bottlenecks – suggest alternative supplier.”

2. Value-Centric Governance

Focus shifts from “on-time delivery” to “measurable impact.”

→ *Example:* A digital health project is judged not by app launch date, but by % of patients using it and reduction in clinic wait times.

3. Adaptive & Context-Aware Models

Governance structures adapt to project size, sector, and volatility.

→ *Example:* A Syrian startup uses a lightweight 3-person governance team; a national infrastructure project uses a formal steering committee with donor reps.

4. Ethical & Sustainable Governance (ESG)

Projects evaluated on environmental, social, and ethical impact.

→ *Example:* A renewable energy project must prove community engagement and carbon reduction before funding approval.

Future Trends in Project Governance

5. Blockchain for Decentralized Governance

Smart contracts automate compliance and payments.

→ *Example:* In a cross-border education project, payment releases automatically when milestone data is verified on blockchain.

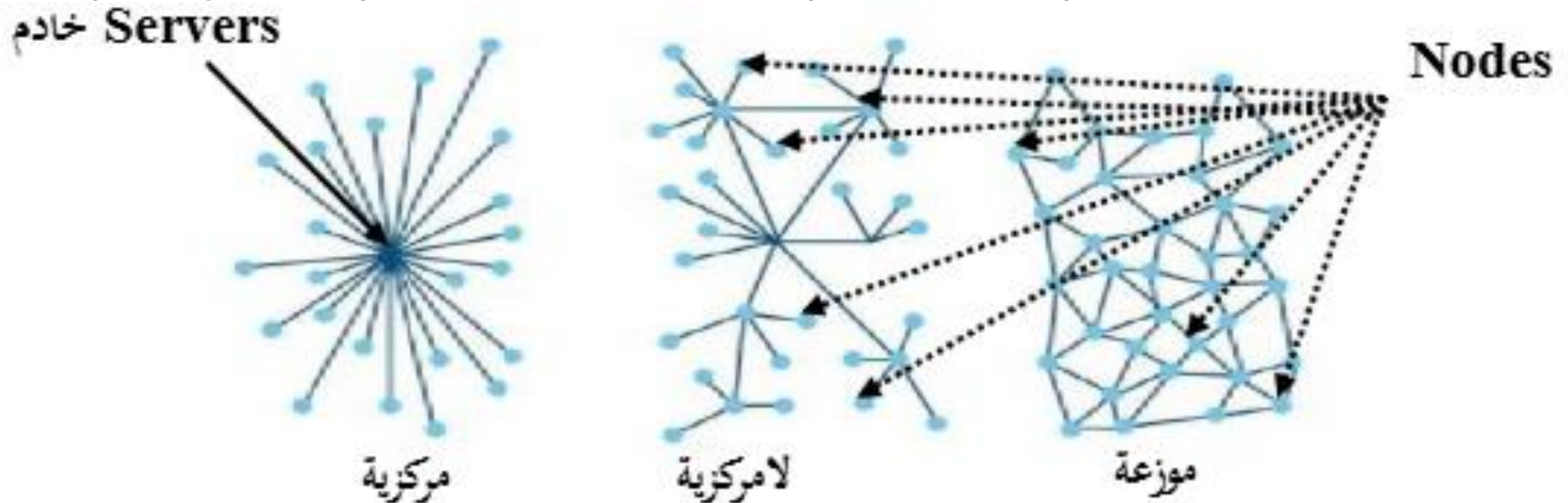
6. Integrated Change & Governance

Governance includes change adoption, not just delivery.

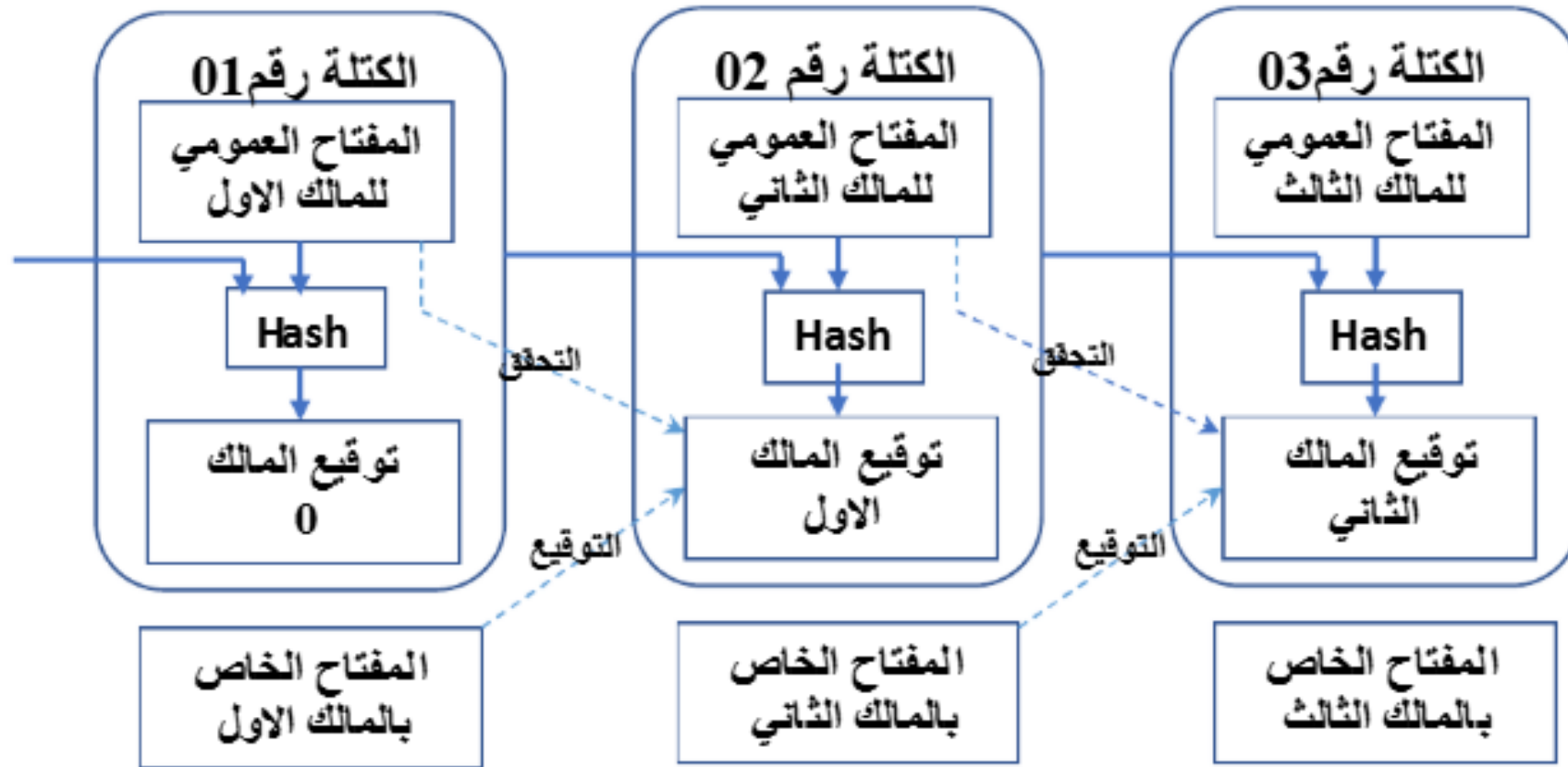
→ *Example:* A new HR system project includes “user adoption KPIs” reviewed by the governance board monthly.

Blockchain

- Blockchain is a special type of database with a fundamental difference from existing technologies, which is the decentralization of data storage. In blockchain, data storage is distributed across numerous points spread over the network, known as Nodes. In contrast, current systems store their data on specialized central devices known as servers. The following figure illustrates the difference between the two systems:
- The points shown in the figure (Nodes) are computer devices with high capabilities in terms of (storage and processing) and are divided into (Heavy Nodes) and (Light Nodes)



Blockchain



Source: Nakamoto, Satoshi, **Bitcoin: A Peer-to-Peer Electronic Cash System**, p2.
(www.bitcoin.org)

Conclusions

- Top-down project governance approaches are developed from an outcome perspective and represent the Flexible Economist and Versatile Artist paradigm.
- Bottom-up project governance approaches take a control perspective and represent the Conformist and Agile Pragmatist paradigm.

Conclusions

- Although the steering group may Not be the only governing institution of projects, it is the one that carries the most authority when it comes to project execution.
- The steering group has full responsibility for project success; it owns the business case and is accountable to top management for achieving project objectives.

Conclusions

- Successful project managers need managerial competences that allow them to guide a team towards defined objectives.
- The type of project managers competences must be aligned with the project size, industry and complexity.

Conclusions

- Emerging trends (2023-2025) include Adaptive Governance, Data-Driven Governance using AI and analytics, ESG integration, and Digital Governance. Tools like Smartsheet, [Monday.com](https://monday.com), Jira, and Oracle PPM help automate processes, enable real-time tracking, and manage project portfolios, thereby enhancing efficiency and transparency

Conclusions

- Hybrid governance combines fixed elements (such as strategic alignment and risk thresholds) with flexible elements (like team autonomy and iterative delivery). A best practice is aligning governance review cycles with Agile sprints. Future governance trends point towards adaptive, value-centric models, leveraging technologies like AI and Blockchain for decentralized, data-driven decision-making and ethical, sustainable impact assessment.

Task 1

- Find two projects, one is developed from an outcome perspective and the other from a control perspective, and try to figure out the implications of both perspective on how these projects are governed?

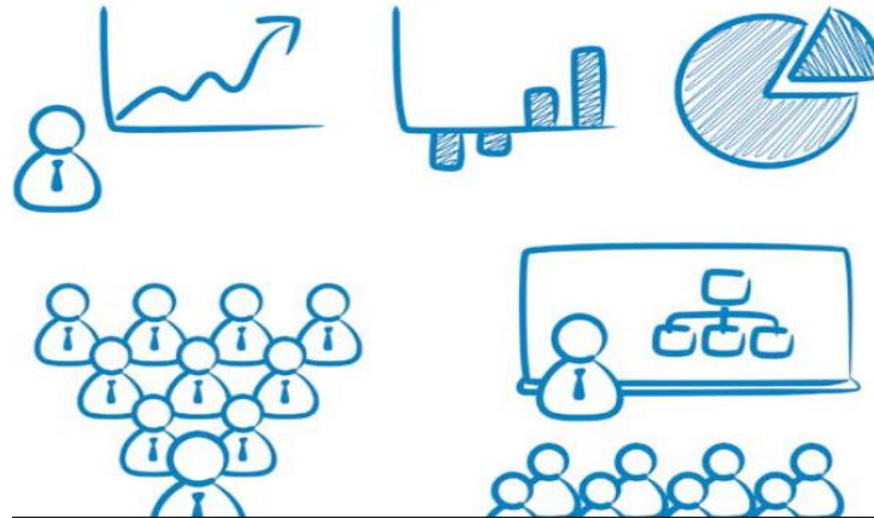
Task 2

- Explore two successful projects within different sectors (construction, IT), and try to identify the differences between project manager competencies that have led both projects to their favorable performance?

Reference

Project Governance

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Thank You