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الجميع الذكية
للتعليم القابضة

MIDOCEAN
UNIVERSITY

Project Governance

Lecture 9

PMG 424

Ch9 – Governance of Programs

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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.

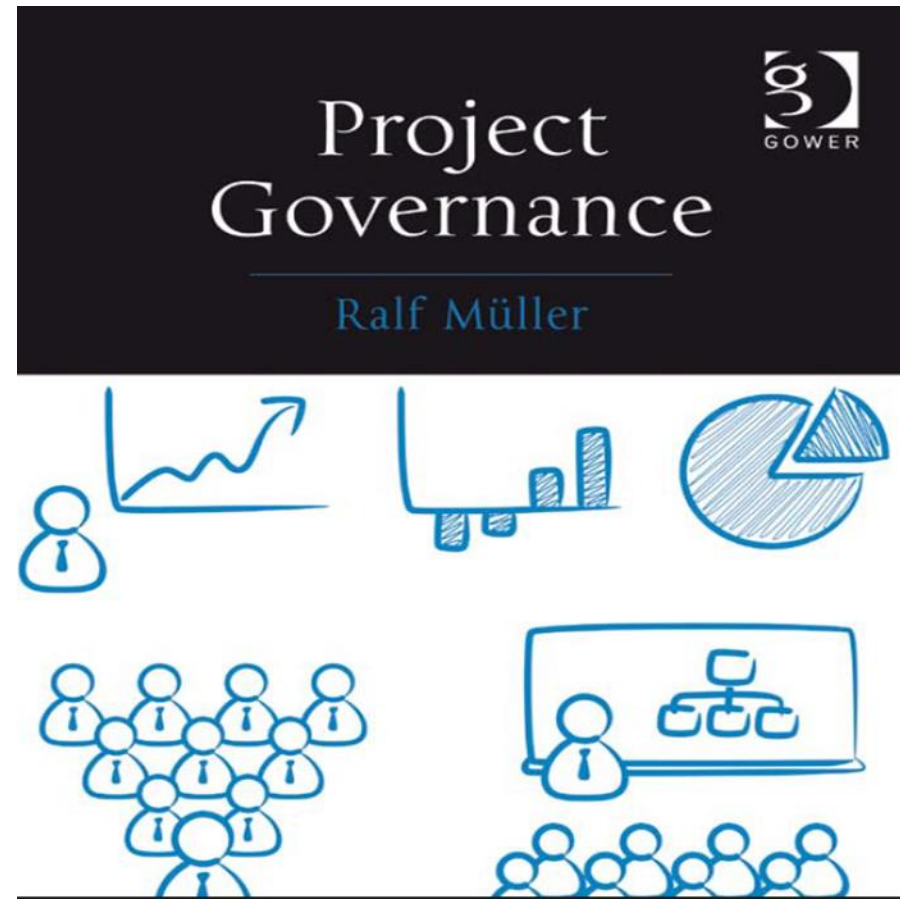
Task 1

- 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





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Thank You

