Optimising the value of portfolios through Governance

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1   **Optimising the value of portfolios through governance**   **mosaic**

Key References

- Additional papers on Governance:
  https://mosaicprojects.com.au/PMKI-ORG-005.php
- Additional papers on developing PMOs:
  https://mosaicprojects.com.au/PMKI-ORG-045.php
- *Stakeholder* Circle:
  https://mosaicprojects.com.au/PMKI-TPI-075.php

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Governance -v- Management

- Governance = Doing the right projects
- Effective Project Governance requires:
  - An overarching philosophy
  - Appropriately skilled and organized people
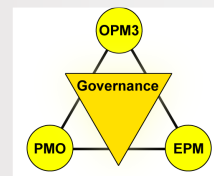 - Appropriate technology and systems
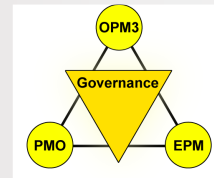
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Governance -v- Management

- Management = Doing the projects right
- Effective Project Management requires:
  - An overarching philosophy
  - Appropriately skilled and organized people
  - Appropriate technology and systems
- But they are different
  - Skills and
  - Systems

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Governance - Definitions

- The OECD defines corporate governance as: *"a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined"*

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Governance - Definitions

- Sir Adrian Cadbury's Definition is: *"Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. **The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.** The aim is to align as nearly as possible the interests of individuals, corporations and society"*

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Governance - Definitions

- Project and Portfolio governance is a subset of corporate governance
- It focuses on areas of corporate governance related to project activities, including:
  - Portfolio direction
  - Project sponsorship
  - Project & Program management & efficiency
  - Disclosure and reporting

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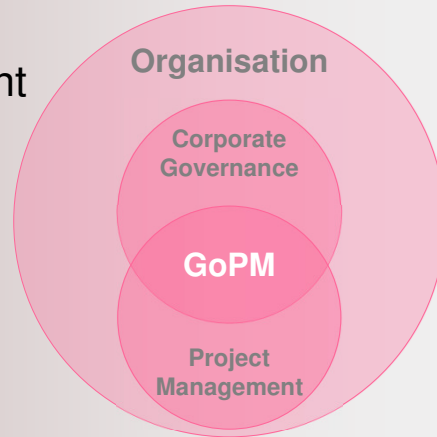
Governance - Definitions

- Effective portfolio governance ensures that an organisation:
- Does the right projects
  - Alignment with strategic objectives
  - Prioritisation and selection
- Does the selected projects right
  - Effective project, program & portfolio management processes

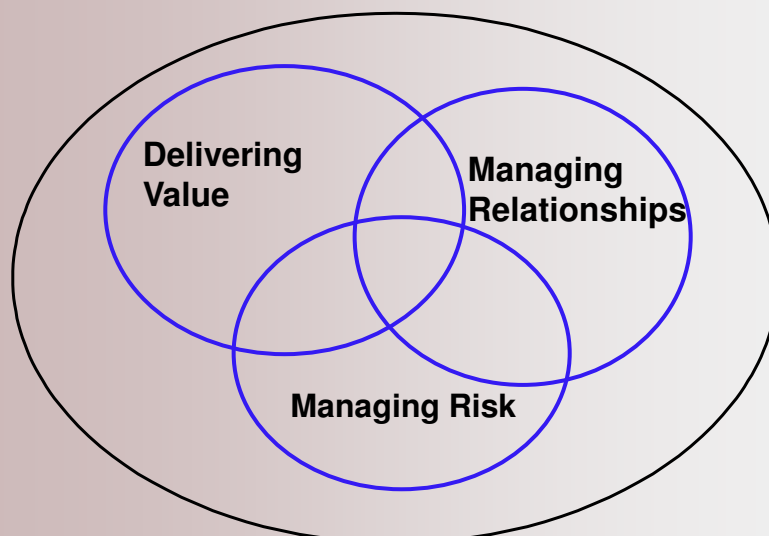8 **Optimising the value of portfolios through governance**

Governance - Definitions

The Governance of Project Management in context

Organisation

Corporate Governance
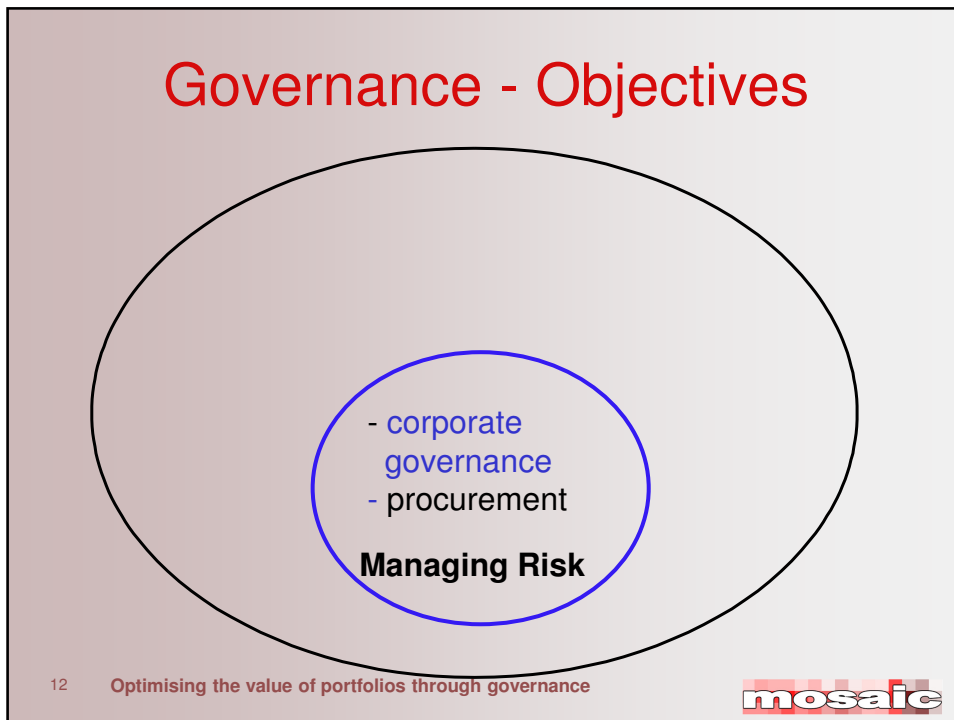
GoPM

Project Management

See: *Directing Change – A guide to the governance of project management*.
© The Association for Project Management

http://www.apm.org.uk/page.asp?categoryID=5&subCategoryID=168&pageID=0

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Governance - Objectives

Delivering Value

Managing Relationships

Managing Risk

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Governance - Objectives

Delivering Value

 - cost, time, scope
 - benefits realization,
   strategic alignment

Governance - Objectives

 - corporate
   governance
 - procurement

Managing Risk

Governance - Objectives

Managing Relationships

– managing stakeholder expectations

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Governance - Objectives

Delivering Value

Managing Relationships

Stakeholders

Managing Risk

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Governance - Stakeholders

Managing sponsors and maintaining organisational commitment

Upwards

Clients, unions, end users, suppliers, 'the public', shareholders, government

Competition and relationship with peers and Communities of Practice

Sidewards

The Project

Outwards

Managing the team

Downwards

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Governance - Stakeholders

Chief Executive

I have to keep costs down. BUT the project has to increase my profits

It will take the staff too long to train the staff! I may lose my bonus!

How do we keep 'business as usual'?

Functional Manager

Will I lose my office?

Functional Manager

Functional Manager

We don't want to change

I don't want to be part of the project team

The Call Centre is so noisy!

Staff

Staff

Staff

Who are the stakeholders? What do they want?

Can I keep my furniture?

What about overtime?

Project Manager

Staff

Staff
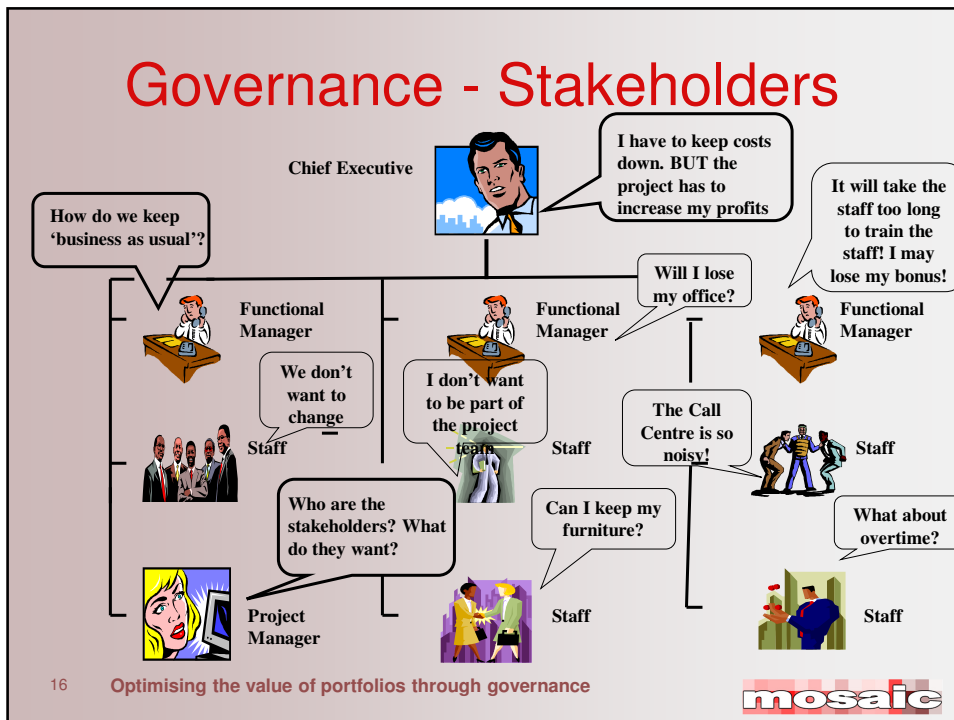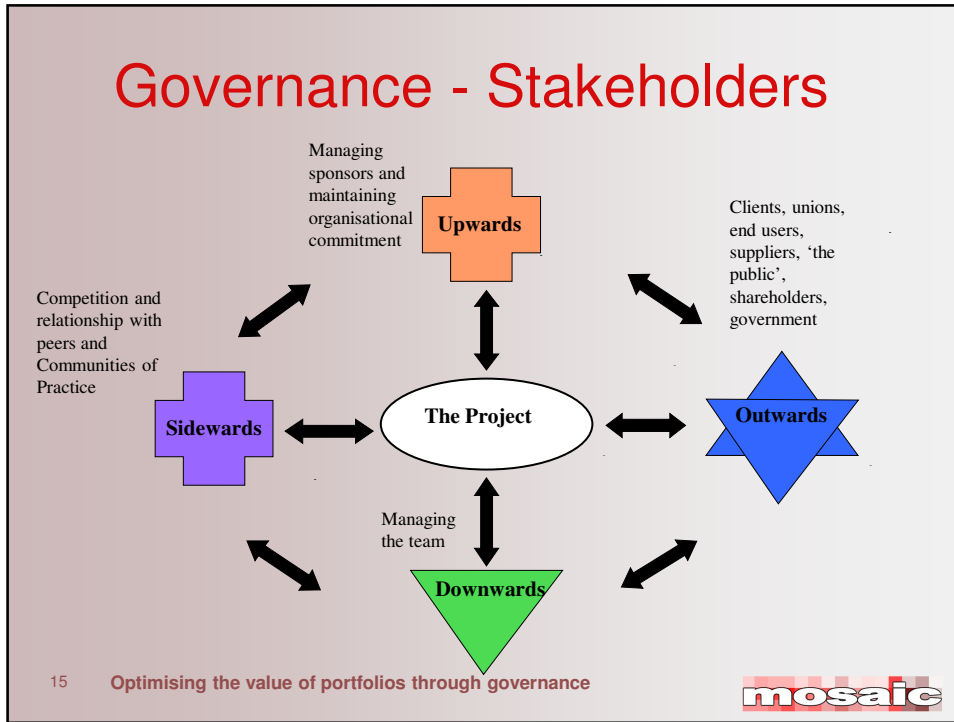
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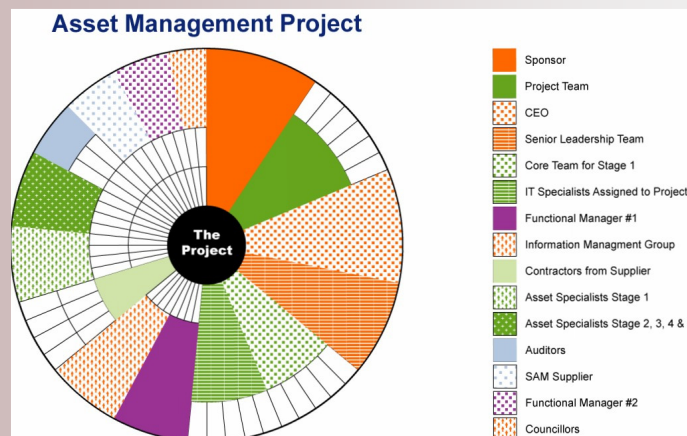
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Governance - Stakeholders

- Stakeholder determine the appropriate balance:
  - Risk -v- Reward
  - Short term -v- Long term
  - Enhancement -v- New business
- Stakeholders need to be identified and managed

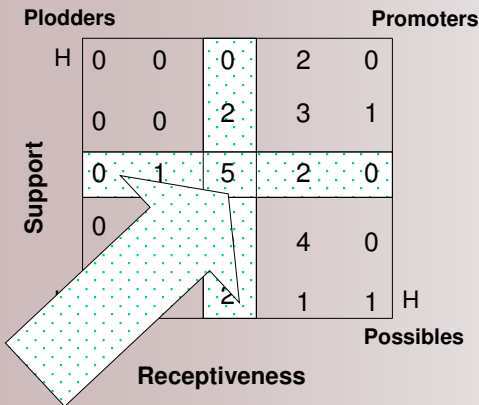17   **Optimising the value of portfolios through governance**

Governance - Stakeholders

Asset Management Project

■	Sponsor
■	Project Team
▦	CEO
▤	Senior Leadership Team
▦	Core Team for Stage 1
▤	IT Specialists Assigned to Project
■	Functional Manager #1
▦	Information Managment Group
▧	Contractors from Supplier
▦	Asset Specialists Stage 1
▦	Asset Specialists Stage 2, 3, 4 & 5
■	Auditors
▦	SAM Supplier
▦	Functional Manager #2
▦	Councillors

Visualisation – **Stakeholder** Circle™
www.stakeholder-management.com

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Governance - Stakeholders

Stakeholder Circle™ - Engage for effect!

	Plodders				Promoters	
H	0	0	0	2	0	
	0	0	2	3	1	
	0	1	5	2	0	
	0			4	0	
			2	1	1	H

Support / **Receptiveness** / **Possibles**

1. Identify
2. Prioritise
3. Visualise
4. Engage
5. Monitor

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Governance - Stakeholders

Source : Shelley, A (2007) *The Organizational Zoo*
www. organizationalzoo.com

Project Team
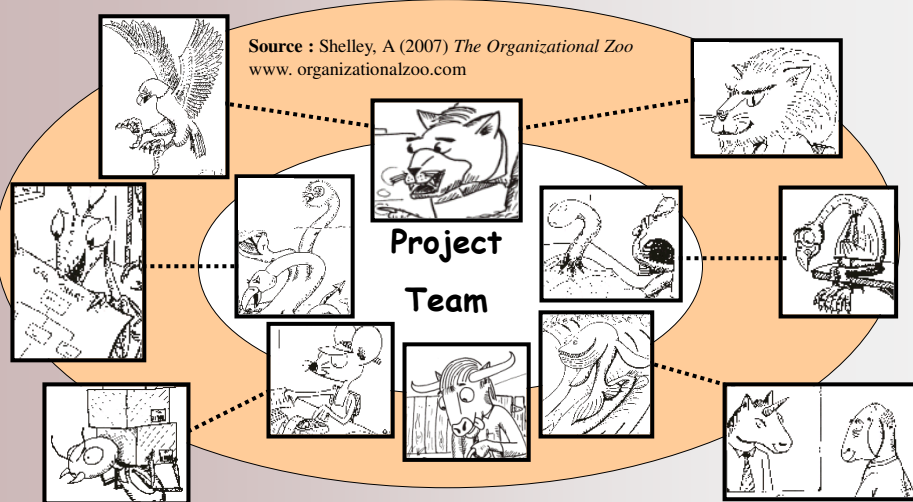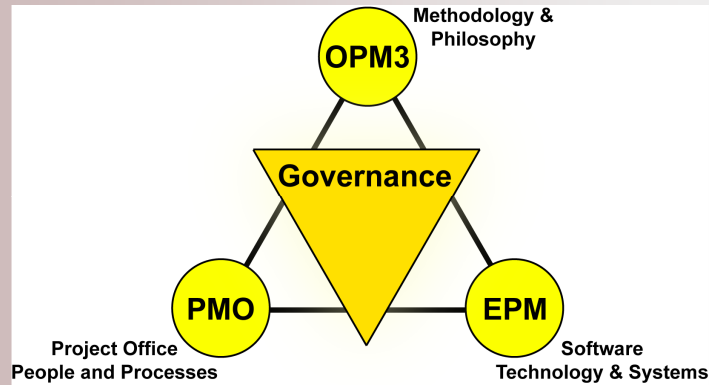
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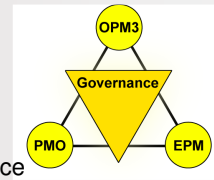
A Framework for Success

- Without skilled and trained staff working in a properly resourced PMO
- It is difficult to operate most tools to their full potential
- The quality of data from projects can vary enormously
- System integrity is at risk

See KPMG surveys at:
www.mosaicprojects.com.au/Resources_Papers.html#Governance

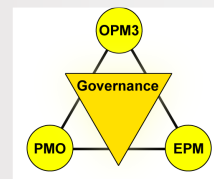23   **Optimising the value of portfolios through governance**

A Framework for Success

- Without appropriate EPM tools
- Data gathering and processing is difficult
- Translating data into information is difficult
- Disseminating focused and useful information <u>as needed</u> is difficult

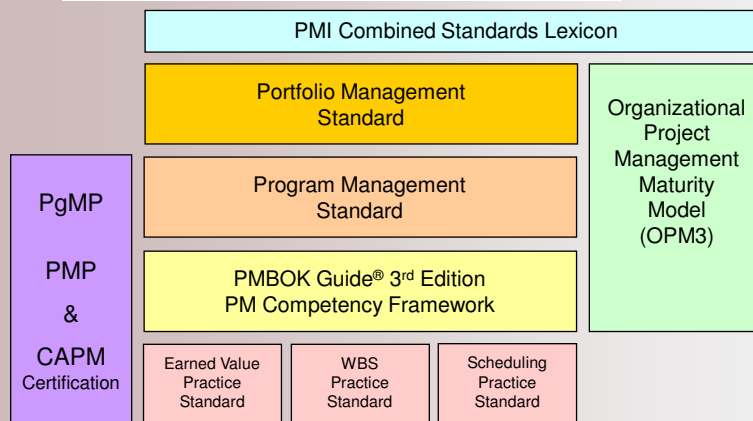24   **Optimising the value of portfolios through governance**

A Framework for Success

- For additional information see: Effective Project Governance –
  - A Cultural Sea Change!
    www.mosaicprojects.com.au/Resources_Papers_029.html
  - The Tools for Success
    www.mosaicprojects.com.au/Resources_Papers_034.html
  - Linking PMI's Standards to Project Governance
   www.mosaicprojects.com.au/Resources_Papers_051.html

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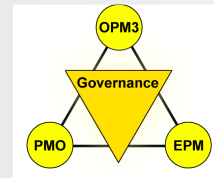
Management Standards

PMI's Range of Project Management Standards

PMI Combined Standards Lexicon		

PgMP PMP & CAPM Certification	Portfolio Management Standard	Organizational Project Management Maturity Model (OPM3)
	Program Management Standard	
	PMBOK Guide® 3rd Edition PM Competency Framework	
	Earned Value Practice Standard / WBS Practice Standard / Scheduling Practice Standard	

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Governance Standards

- PMI's Maturity Measurement System:
  - OPM3
  - OPM3 ProductSuite
- Designed to measure an organization's current state of maturity
- And plan improvements
- Details hundreds of 'best practices'
  EV / Risk / etc.
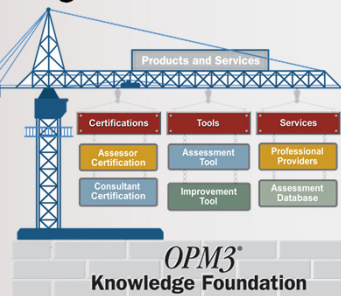
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Governance Standards

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Governance Standards

Organizational project management, maturity, Best Practices, and how to use *OPM3*

Steps for developing Capabilities adding up to Best Practices

Methods for knowing Best Practices and Capabilities

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Governance Standards

Products and Services

Certifications	Tools	Services
Assessor Certification	Assessment Tool	Professional Providers
Consultant Certification	Improvement Tool	Assessment Database

OPM3®
Knowledge Foundation

Workshops and certification available in Australia – see

www.mosaicprojects.com.au/Training-News.html

Raising *OPM3®* to a Whole New Level

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Governance Standards

- OPM3 Success stories:
  - Pinellas County IT Turns Around Performance and Customer confidence
  - Savannah River Site

  Download from:

  www.mosaicprojects.com.au/Resources_Papers.html#OPM3

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Governance Standards

- Technical standards:
  - CMMI (systems engineering)
  - AS8015 – 2005: Corporate governance of information and communication technology
- Rely on overall corporate systems
- Portfolio Governance is a 'top down' process lead by the 'board'

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Questions Please

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