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Michael Knapp

Enterprise Portfolio Governance

How Organisations Optimise Value From Their Project Portfolios

Springer

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Prologue

This book emerges from more than 40 years of work as a portfolio, program and project (often shortened to PPP or '3P') governance and management professional, trainer, consultant and educator. I have worked on over 60 projects—of which I managed 25, ranging in size from several hundred thousand dollars up to over five hundred million dollars—and worked in, or consulted to, more than 30 organisations in Australia, Asia, the USA and the Middle East. I have conducted more than 300 workshops in many aspects of information technology and 3P management and leadership, working with more than 3000 professionals who have shared their stories and experiences and who were both delighted and appalled at what organisations do with (and to!) their portfolios, programs, projects and people.

This book deals with portfolios (and programs and projects) which organisations run internally, to design and build products, improve operational efficiencies, restructure and even re-engineer their organisations and implement information systems and communications technologies. The project model is used to better execute strategies and plans, meaning this approach sees the project as almost utilitarian – a useful tool to achieve a desired outcome – and the less problem the tool presents, the better the tool. Organisational projects, having roots in information technology, are often called 'IT projects', and those managing them are called 'IT project managers', but in my discussion throughout the book, this labelling is incorrect. Commencing in the late 1970s, I, along with a network of like-minded professionals, started to view organisational projects not as IT projects but as IT-enabled business projects. Leveraging methods such as business process re-engineering, we encouraged our clients to focus on the business drivers and strategy and insisted that all projects must have a valid business case. Yet organisations persisted with funding projects out of the IT budget and appointing the CIO as the most senior stakeholder. It seemed that there were few in the CxO suite who wanted to take ownership of projects even though the success of their business plans was substantially dependent on project success. This 'hands off' approach proved highly problematic.

I began conducting workshops in information systems and information technology in 1986 and project management in 1990, as well as other associated workshops, such as risk management and estimation. One session which always proved

popular was ‘What causes projects to fail?’, where I asked attendees to rate a number of ‘factors causing project failure’ and to suggest additional factors if my list seemed incomplete. Consistently and unambiguously, people identified several factors, above all others, one of which is a senior manager walking away from his commitments and accountabilities. ‘Losing interest’ and ‘Taking notice of the project only when it was in trouble’ were how it was often put. The point of frustration for so many of these project professionals was that senior management’s failure to meet their accountabilities saw them, that is senior management, as the cause of the problem they were complaining about. I asked what the biggest problem on their project was, and it was quite disturbing how a lot of times ‘My sponsor’ was answered.

If project professionals saw their own management as their biggest problem, what did their management think?

On many occasions, I would be called in to discuss the ‘problems we have with projects’ with the executive management of large financial services and insurance and telecommunications companies (amongst a range of industries I worked with). Their frustration was that despite investing substantially in training programs, their projects were not performing as expected and project failure was a continual possibility if not probability. What could be done? I would sometimes run a maturity assessment to identify their strengths and weaknesses, and the major problem I would identify every time was with project governance. Steering committees were acting inconsistently, senior managers were unclear about their roles as sponsors and steering committee members, and there was broad ignorance of project dynamics and even how to read and interpret a project status report. I would make a range of recommendations for improvement, but, almost without exception, the recommendation regarding building governance competence would be glossed over, downplayed, de-valued or simply ignored. The enthusiastic response would be for me to work with their project managers to ‘put some steel in their spines’ so they could ‘take control of their projects’. Was I speaking Swahili? Why wasn’t the message getting through? It was obvious that senior managers were not interested in understanding project management, as if that was ‘beneath’ them. They had reached a position of senior manager without knowing project management, so communicating anything to them which was wrapped in ‘project speak’ simply did not register. Further, they were simply too busy to pay attention to how they needed to change their behaviours.

Over these 40 years, I have noted the professional bodies were often slow to respond to realities on the ground. The bodies of knowledge (BoK) largely see projects in a mechanistic sense, structured hierarchically and dominated by a command and control culture. I first implemented a portfolio and program structure within an organisation in 1991, so from my own experience, I know 3P has been actively employed for over 37 years, yet it was only recently that the PMI published any standards in these areas. This, in part, is due to historical factors, dominated as it is by the ‘hard hat’ industries, such as engineering, construction and manufacturing. Organisations working across these industries often run projects as their business; employ strict rules around controlling budgets, scope and schedules; and engage

with many subcontractors who work on a fixed-term basis. These projects and the project management are very different from those run by, say, a bank implementing a new customer management system. Everything is different, including the roles, the technology employed and, most importantly, those who take on governance roles. In the 'hard hat' industries, those who sit on steering committees are often project professionals; they understand the business, and they know what makes a project successful. A bank (or insurance company, retailer, telecommunications company, media company, consumer goods distributor, healthcare provider, etc.) may well appoint someone with little project experience as a sponsor to a project, or even projects. Is anyone surprised when things don't work out the way everyone expects (or hopes!)? For too long the project industry has focused on where attention is least required—where the professionals work and perfect their trade—and left alone, if not ignored, those seen as 'part-timers', even though they play such incredibly important roles in delivering project success. In a small way I seek to redress this imbalance by writing a book for those who sit outside the profession but control the financing, direction, scope, sequencing and resourcing of portfolios, programs and projects and who, at the end of the day, tell the professionals what success really means.

I have appropriately made references to relevant research, not that I think anyone will follow up the cited works, but rather to show that there are some very deep thinkers out there, publishing some real pearls of wisdom which can be applied in practice to make a difference. With this book, I hope to make a difference, albeit small, in speaking to those who make all the big calls and those who have influence and power well beyond their own understanding of dynamics of portfolios, programs and projects. Change may occur, and with that change may come improvement, greater satisfaction and many, many more successful programs and projects.

Bundeena, NSW, Australia Michael Knapp

Confidentiality

The organisations who contributed to this book did so on the basis of confidentiality. In return they provided access to highly confidential materials which, for many reasons, should never be made public or divulged to a third party without their express written permission. For these reasons, all attempts have been made to ensure that the identity of these organisations remains confidential without, in any way, distorting the reported facts or data.

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Bundeena, NSW, Australia Michael Knapp

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