

It's not Big Brother

Donnie MacNicol looks at the need for strong governance across construction projects

The project environment is becoming increasingly regulated, audited and litigious. Strong corporate governance is therefore critical to help improve performance and reduce shocks at board level, with project governance being a core component of this.

This article sets out 10 questions for sponsors and project managers to satisfy themselves that there is sufficient surveillance of their projects: ensuring effective mechanisms are in place to link organisational and project objectives and monitor performance, compliance and value delivery. This is made possible through strong relationships and supportive behaviours within the team.

1. Has success been defined and agreed?

It is easy to focus purely on the fabric of a project. Success to the sponsor may be the plaudits they receive for safety and consideration of local residents. It may also be the way in which the occupants embrace the new environment, thereby delivering the value that originally justified the project.

2. Are the interests of key stakeholders aligned?

Suppliers', regulators' and financiers' interests may not be aligned to the sponsor's success criteria. For example, an architect may be more concerned with form than function, highlighting the need for the expectations of all parties to be clearly articulated and resulting conflicts resolved.

3. Is the sponsor identified and supportive?

Enthusiastic as your sponsor may be, you must ensure they have sufficient decision-making, directing and representational accountabilities. This is best tested before major problems arise, by discussing how decisions would be made and who would make them.

4. Is the PM managing or leading the project?

PMs require not only the remit, authority and capacity to deliver but also the leadership to provide the direction and focus needed within the team when challenged by major change or conflict.

5. Is the team capable of achieving its objectives?

Roles and responsibilities must be clear, especially at hand-offs of work or responsibilities across organisational boundaries. Check if authority and decision making is delegated to the right level, balancing efficiency and control. Is there sufficient trust in this team to voice mistrust? If not, what else is not being voiced?

6. Are both formal and informal communication routes understood?

Decisions can often be made, or at least influenced, through informal routes. For example, discussions about the perceived performance of an organisation which may in turn impact their

appointment. The PM must recognise these routes, the information that flows through them and the impact this will have on governance.

7. Is risk assessed against the impact to the organisation?

The PM should assess the impact of threats or opportunities in the context of the organisation not only the project, and involve others in making this assessment if required. A conflict with a local body may be resolved at project level but damage the organisation's reputation in the community.

8. Is monitoring and control sufficiently rigorous?

Monitoring should balance the need for control against the danger of developing a culture of micro-management. For example, where a small number of payments are made internationally, stringent commercial procedures may be imposed over concern about contravening the Sarbanes-Oxley Act Of 2002.

9. Do reports provide timely, relevant and reliable information?

The PM must first consider the needs of the sponsor and stakeholders. Second, ensure they have clearly articulated the message(s) they wish them to hear and if necessary act on. Third, and most importantly, check for understanding and acknowledgement by the recipients.

10. Is independent verification required?

If the above questions have raised concerns, then independent verification may be required by someone suitably qualified to make the assessment. Concerns over the quality of the deliverable or the perception of key stakeholders, will require different types of assistance.

The above questions should prompt both sponsors and PMs to consider these important aspects either individually or, more importantly, together. Ultimately, both parties should aspire to have project governance embedded in the project delivery process.

Further information

The above questions are informed by the Association for Project Management's freely available guide *Directing Change – A guide to governance of project management*, which can be found on www.apm.org.uk

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