Governance versus Innovation:
Striking the Balance

A Visionate process asset

Version: 1.0
Version date: December 2014
Document Information

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<thead>
<tr>
<th>Version</th>
<th>Revision date</th>
<th>Description</th>
<th>Editor</th>
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<tbody>
<tr>
<td>1.0</td>
<td>Dec 2014</td>
<td>Initial Creation</td>
<td>Visionate</td>
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Introduction

Rightsizing Governance

It can sometimes be difficult to achieve the right balance between governance of IT projects/operations versus the desire to foster and grow a spirit of innovation and creativity within the operations of the organisation, and within the teams that support those operations.

In adopting Project Management Offices (“PMO”), it is not unusual to see a situation where an organisation has gone from too little control, to one where it is seemingly impossible to get anything done, because of process constraints.

In such situations it is all too common, after a period of time, for the pendulum to swing back hard in the opposite direction, once again overcorrecting. In such circumstances, the organisation may substantially or altogether reject the PMO, and in doing so ends up throwing out the baby with the bathwater.

It is therefore extremely beneficial to approach the implementation of increased governance in a manner that is adjusted to the needs of the business and the ability of the organisation to adopt it. This will obviously vary from organisation to organisation, or even by department within a single organisation.
PMO types

The project management institute ("PMI") defines three levels of PMO engagement.

**Supportive PMO**

The **Supportive** type PMO acts in a consultative role to the operational divisions of the organisation. It can act as a repository for templates, best practices and lessons learned from prior projects. The PMO may directly employ Business Analysts and Project Managers that are available to be seconded to the operation units, if they are required.

In this scenario, operational units retain a high degree of control and can take or leave the level of standardisation to the degree they themselves want to develop.

Along with freedom, the organisation also accepts a certain degree of risk. It can also be challenging to prioritise organisational investment between competing operational units. Moreover, IT developments can proceed in a haphazard and non-standardised manner leading to orphan and legacy systems down the line.

The trade-off for this is that the operational units will feel very much in control of their own destiny and ability to innovate, and will feel free of constraint by the “process police.”

The **Supportive** PMO becomes successful by producing quality material that is attractive to operational units thereby encouraging them to adopt a self-moderated standardisation process. This process is supported by the PMO retaining high
quality resources that can be tapped into by the operational areas for projects, thereby introducing consistency across the organisation.

**Controlling PMO**

The **Controlling** PMO has a lower level of risk/freedom and higher level of standards/constraints than the **Supportive** PMO. **Controlling** PMOs introduce a degree of **compliance** into the organisation. In other words, there are certain mandated approaches that operational units are obliged to adopt. This compliance could be in the form of mandatory project methodologies, project/programme prioritisation groups and governance structures such as change control boards. The PMO may have set procedures on project initiation, audit and risk management.

The **Controlling** PMO is successful when there is an appetite within the organisation for an increased level of centralised control. This will usually occur when a Supportive PMO has been successfully operating for a period of time. Conversely it can also occur when a chaotic IT development situation has led the organisation to an awareness that controls need to be in place to manage investment, risk and governance of projects.

The level of control referred to for the **Controlling** PMO is ‘moderate.’ Although rules exist they are at a moderate level and operational units still have a degree of freedom and are in control of their own projects.

**Directive PMO**

In a **Directive** PMO all projects are controlled and run by the PMO on behalf of the operational units. The **Directive** PMO has a lowest level of risk and the highest level of standardisation.

The trade-off for achieving these aims is a high degree of constraint on operations and less freedom for the operational units themselves in making project decisions.

The **Directive** PMO is most effective in situations where the organisation is highly projectised in its outlook and where stakeholders are familiar with and understand the value of such an approach. It also relies on a highly skilled PMO team of Project Managers and Business Analysts. Any weaknesses in these teams are highly visible as the operational units have in effect surrendered a degree of autonomy in return for a higher degree of excellence. As a result, they will have high expectations of the PMO team.

For a **Directive** PMO to be successful it demands the highest degree of top level support, on an ongoing basis. For example, it is not uncommon to see **Directive** PMOs being reformed or removed when the senior executive championing the approach moves on from an organisation.
The approach to governance

The previous discussion highlights the reasons why organisations will benefit from choosing the right approach to governance in projects.

For those companies that have faced large costs or which have borne the brunt of high-impact risks, there is a tendency to move towards a Controlling or Directive type PMO as a first response. Sometimes this is a necessary and valid approach, especially where the impact of risk is so high that it must be managed to the utmost degree possible.

In many cases however, it is a better approach to ‘bring the business along’ by engaging first at a Supportive level, and then over time building capability in the PMO in terms of organisational process assets and human resources. This building of capability goes hand in hand with satisfying the operational units as to the benefit of increased standardisation and gaining their support.

Over time the organisation can thereby evolve naturally into a more Controlling approach. If the culture were to support it and deem it useful, eventually a move to a Directive PMO approach could be made.

PMO’s that are formed over time in this “bottom-up” fashion take more time to build standardisation and maintain a higher risk profile for a longer period. But on the upside, once established they are ingrained in the organisational culture and widely supported. In this situation the moving on of a single key supporter is less likely to undo all the good work it has taken to implement the PMO.

What is right for you?

Visionate can assist you in deciding how you would best be served by your PMO. We can also help with the setup, running and staffing of it, and with the creation of process assets and standards.

For more information, please contact us at the address shown on our website.

Conclusion

This concludes this document. For more information on the straata® method check out our website for more whitepapers and process assets as we add them

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