The Effective Project Board

Keeping projects and programmes on target

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Best practices
Business Excellence

The Effective Project Board

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PTG
Uitgevers

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PREFACE

This book originates from a workshop my colleague Erik Knapen and I provided to our management. We based the workshop on our own experience with project boards and on that of our colleagues. Our shared experiences strengthened us in our belief that the subject of project boards lacked sufficient and explicit attention in common project management or management literature. We thought this was strange, since project boards are considered essential for project success, or failure, for that matter.

The workshop was received well and people suggested that we do it more often, and for a broader audience. That induced me take a closer look at the subject, which resulted in two articles. Still, I felt there was more to say about the subject. As a management team member of IPMA-NL's Dutch National Research Group in project management, I had toyed with the idea of compiling selected chapters on project management related subjects. Based on my workshop experiences, project boards seemed an appropriate first subject. When I ran into Ten Gevers about a year ago, he confirmed my assumptions. That is how this publication started out.

Project boards are known under a variety of names, such as project steering group or steering committee. Much of the literature I consulted in compiling this book uses the term steering committee. Intuitively, however, one may be inclined to associate more hierarchical powers to a board than to a committee. I therefore prefer to use the term project board.

This book is based on best practices. To illustrate the theory, I use a fictitious project case. The persons and organizations featuring in it are purely fictional and any resemblance with living persons or existing organizations is purely coincidental. Since the book started out as a selection of chapters on the subject, I based it on a fairly large number of books and articles. The books are listed in the recommended

reading list. For interested readers, an additional list of recommended articles is available on the website of the publisher. Throughout this book I sometimes use an abbreviation. Sorry about that. As many readers may be unfamiliar with them, I have explained them in Appendix 3.

Jan Postema, 2016

1.
WHY A BOOK ON PROJECT BOARDS?

Why should you read a book on project boards? Project boards are grossly underexposed in project management literature and - more importantly - in management literature in general. That means that you may not have accustomed yourself with the idea that you will be responsible for a project one day. As a result, you and many of your colleagues will at some point stumble your way through the jungle that is commonly known as a project. And that is a bad thing, for if this project fails, you fail. And you might have avoided that if only you had understood what was happening around you. In this chapter I will therefore elucidate on the reasons why reading this book is worth your time.

I think I assembled sufficient information from the available literature to compose a useful summary from which you can distill best practices. To give you an opportunity to project those findings throughout this book, I will use examples drawn from a project that was executed in a paper mill, *The Lower Mill*.

Lower Mill: The setting
The history of the mill dates back to the early 1700s. The Lower Mill has always been an early adopter of new technologies. In the early 1800s, the company was one of the first to apply steam power, and it grasped the possibilities of information technology at a very early stage. Information technology having come of age in the 1990s, The Lower Mill decided to take the next step and turn quality control from a production-oriented function into a customer-focused instrument.

In 2007, The Lower Mill's management decides to implement a new Paper Quality Management System (PQMS) to replace the existing system, which has been in use for a decade now. The ultimate goal is to improve existing customer service. Experiences with the existing PQMS have convinced the company of the need to introduce entirely new technologies.

After careful consideration, Harline's – a medium-sized software company – is contracted to develop and implement the new system. For Harline's, this is a major project, with a budget of 1.8 million euros. Failure would seriously threaten the company's very existence.

For The Lower Mill, this is a minor project in terms of money, but its strategic weight makes it all the more important, since the company operates in a highly competitive market. High-quality paper and first class service are considered vital for the company's survival.

There is a gap between project managers and managers
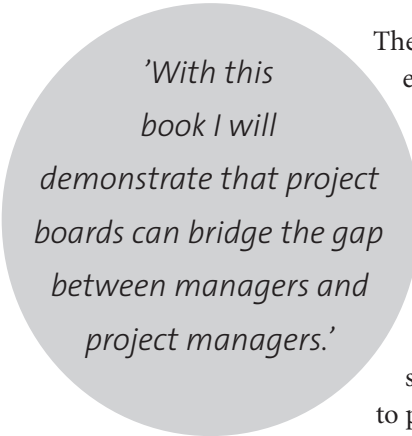
In 2008, a survey was held concerning the gap between project managers and management. The results showed remarkable parallels between the two groups. Both groups experienced such a gap and both agreed that project decisions were mainly in the hands of project boards. More interesting was that both groups believed the gap stemmed from the organizational culture and was inherent to management. But they also agreed that if managers showed an active interest in project management, this would not make the gap any less deep. That gives us food for thought.

The survey was held among project managers and managers who worked in a matrix-like environment. In this environment, projects were seen as temporary organizations that needed to cooperate with the existing hierarchical structures. In most cases there was a formal project manager. That is the type of project environment this book is about. There are other forms of projects, like the ones supervised by functional managers. Such projects very often lack a formal project manager. On the other end of the spectrum you find project managers who direct projects in a fairly autonomous manner. Such a project manager reports directly to his manager, without the intervention of any boards. Typical examples can be found in for instance construction and engineering.

With this book I intend to demonstrate that project boards can bridge the gap between managers and project managers. I will show that you can set up project boards in such a way that they benefit the projects they oversee.

Project boards are underexposed in literature

In project management literature and handbooks there is ample attention for project boards. But those books and articles are hardly read by the people who populate those project boards, nor do they address managers. They are aimed at project practitioners, preaching to the already converted. Most publications on managers and projects deal with the manager as a project executive, the project principal, so to speak. Far less attention is paid to the project board as such.

'With this book I will demonstrate that project boards can bridge the gap between managers and project managers.'

There also is a large and growing body of scientific literature on the subject. Unfortunately, most of the research on project management is out of reach for most project management practitioners and managers. And that is a pity. For the spectrum researchers address, includes issues on for instance planning, risk management, project evaluation and appraisal and project selection. In addition, they touch on subjects such as leadership and trust. These only seem indirectly related to project management but are nevertheless evidently important. But scientific literature has one important limitation: it is predominantly project focused. Project governance – for that is the main focus of project boards – is looked upon from a project perspective, rather than a management perspective. It therefore seems as if project boards are taken for granted, assuming that we all know what they are and what we ought to do with them. It is even suggested, sometimes, that researchers and practitioners are more inclined to focus on subjects they can influence more easily. However, I do not share the apparent notion that project boards can hardly be influenced.

While writing this book, I had a project in mind that was executed in a matrix organization. Such a situation is often found in ICT project environments, in which the functional organization is often overlaid by a project organization.

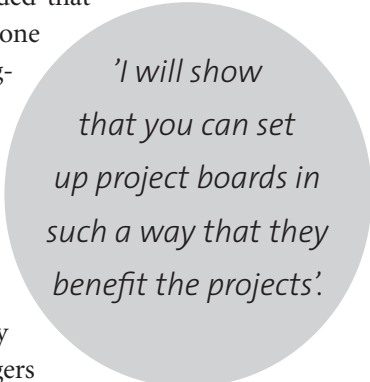## The origin of project boards was IT-driven

Project boards entered the scene around 1980. Their appearance coincided with the spread of information technology in organizations. This apparently created the need for more democratic decision-making processes and for the input from more

stakeholders than just the IT-department. Although project boards were meant to provide a breach with traditional hierarchical structures, they were actually modeled on boards of directors. As the latter do on an organization-wide scale, project boards assume responsibility for the planning and control of information technology implementation projects. We may therefore say that information technology was the main driving force behind the advent of project boards.

Not long after their introduction, project boards got another purpose: linking projects to permanent organizations. Since then, project boards have obtained a solid position in project management literature and practice. And they became an essential element of various project management methods. But the mere fact that project boards became a project commodity may also have caused the neglect of careful consideration of the nature, composition, function and responsibilities of such boards. Project boards intrinsically bear all the characteristics needed to benefit project results. And that is exactly the reason why managers must be aware of their own role in such boards. Board members who lack that understanding undermine the effectiveness of project boards and hence pose a threat to project success.

Managers are essential in project boards

As early as 1978, Glennon stated that the combination of authority with responsibility was seen as sound practice. He also concluded that this rule was consistently broken, as a result of which one of the most important keys to project success was ignored. Since then, managers have been looking for the holy grail of project success, while it was right in front of them. The very manager who is chosen as a project board member is that holy grail. And that is the message of this book.

'I will show that you can set up project boards in such a way that they benefit the projects'.

This book primarily addresses managers, especially those who are involved in projects. And most managers are. And although project managers are also invited to read the book, I tried to refrain from using typical project management jargon, to better convey the message that management support for projects is crucial. I intend to show you how you, as a manager, may best provide that support. I say 'may', because I will not provide you with a prescription, with the best way to do it. There is no 'best way'. But by the end of the book you will have more insight as to how you can contribute to a project's success in your own way.

I often get the impression that little thought is given to the composition of project boards. That is rather peculiar, since such boards are the embodiment of management support. As a result we find project boards peopled with officials who are effectively in the way of projects, rather than helping them forward.

I address the project board, its nature, its function, its role, its composition and its members' responsibilities from a management perspective. Project boards are perceived as pivotal for project success. But although many authors, researchers and practitioners alike, pay attention to the project board, there is hardly any publication that is dedicated explicitly to this phenomenon. Let alone one that provides managers with an appropriate set of instruments.

This book is therefore aimed at managers

This book is divided into two parts. Part 1 (chapters 1-6) deals with the theory behind project boards. A proper understanding of the rationale behind such boards is necessary. Without such understanding, part 2 (chapters 7-9) of the book, which deals with the practical implementation of project boards, rests on quicksand.
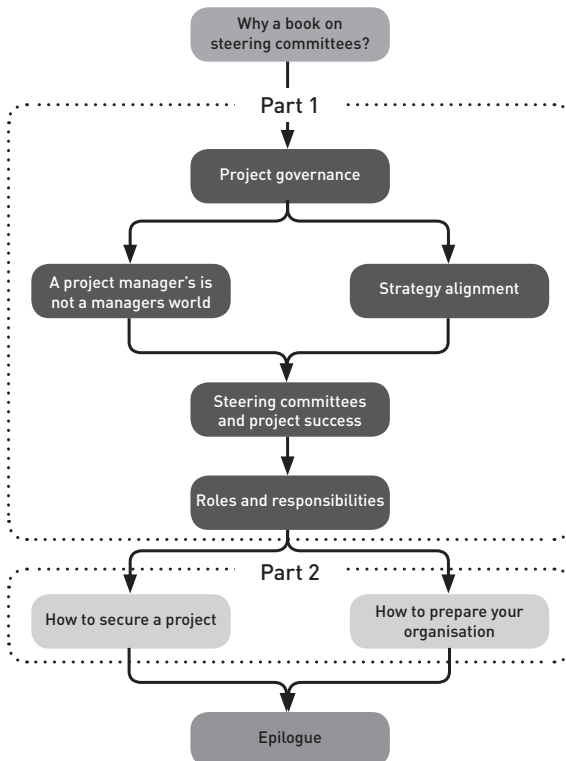

Figure 1 The structure of this book

As a manager you need to know how to proceed in dealing with projects. A proper understanding of project governance is indispensable for that. Project boards are not an end in themself. I therefore start off with the basics of project governance and managers' importance in it.

To explain the importance of project boards for project success, I address two subjects that underpin that understanding. The first is that we must be aware that managers and project managers live in different worlds. Equally important is that as a responsible manager you understand how projects are aligned to your organization's strategy. Being conscious of that is indispensable for grasping how project boards embody your commitment to a project's success.

Once I have clarified the essence of management support for projects, it is time to pay attention to the functions of project boards and the roles and responsibilities of the board members.

In the final chapters of this book, I present possibilities for redressing situations in which projects have fallen into disarray. These recommendations concern the projects as well as the organizations. First, I deal with the immediate intervention in the project board's functioning. Means are offered that you can use to cope with such a situation. They are easily accessible and applicable tools that quickly provide you with the necessary insight and with suggestions on how to proceed. Secondly, I will show you that it is not enough to redress an individual's project problems. You must also take appropriate measures in your organization. You also need to ascertain that your organization takes project boards seriously.

Not only must you have an understanding of what projects are about. It is equally important that you practice what we preach here. Presumptuous as this may sound, you must not forget that you, being a manager, cannot hide for your responsibilities vis-à-vis projects. Therefore, you had better be prepared.