Why do projects not succeed when project governance is not formalised?[1]

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Abstract

Barriers exist at both the project and organisational level. These barriers influence the organisation's aptitude to successfully implement and execute projects, as well as the overall performance and market penetration of the organisation. This paper aims to critically reflect upon the current barriers at the project and organisational level within a large Australian financial services organisation. The reflection identifies three key barriers at the project and organisational level concerning the lack of: formal project-based structure; project methodology familiarity and skilled project managers; and open dialogue prohibiting collaboration. Moreover, this reflective practice has allowed recommendations to be made to adjust governance structures to improve project performance and progress towards achieving organisation objectives. A new governance structure is recommended in pursuit of: implementing a formal project-based structure, embodying support from a Strategic PMO to bring accountabilities and opportunities amidst the organisation into line; aiding better education and appreciation of project management methodology with ongoing support from a Tactical PMO; and adopting effective communication. Thus, the paper outlines the importance of these recommendations to assure project governance ownership and liability across the organisation to achieve project success.

Keywords: Project and Organisation Barriers, Governance, Communication

Introduction

The purpose of this paper is to reflect upon the barriers at the project and organisational level present within a large Australian financial services organisation. The reflection is inspired by the quest to gain practical insight and offer understanding by applying project management theories acquired within an academic environment. Specifically, it indulges in concepts of formalised project-based governance; project methodology and project management competencies; and dialogic communication proven to be effective for successful project delivery.

The reflection recognises three main barriers at the project and organisational level concerning the lack of: 1) formal project-based structure resulting in insufficient steering and management of the project; 2) project methodology familiarity and skilled project managers leading to inadequate control; and 3) open dialogue prohibiting collaboration. Understandably, these barriers influence the organisation's aptitude to successfully implement and execute projects within the organisation, as well as the overall organisational performance and penetration of the financial services market.

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Upon reflection, it is recognised resolutions to improve project delivery performance is vital. A new governance structure is recommended in pursuit of: 1) a formal project-based structure, embodying support from a Strategic PMO to bring accountabilities and opportunities amidst the organisation into line; 2) better education and appreciation of project management methodology with ongoing support from a Tactical PMO; 3) and effective communication. Thus, the significance of the above recommendations assures project governance ownership and accountability across the organisation, in addition to the necessary provisions to achieve project success.

The methods of data collection applied to reflect upon the current project and organisational level barriers within the organisation included self-reflection, direct observations of employees within project teams including key stakeholders, and document analysis.

Project overview

The project considered in detail is a three-year transformation project within a large Australian financial services organisation. The desired project objective is to attain a new software system to provide financial advice services to Customers more seamlessly, timely and error-free to improve satisfaction and increase the number of new Customers to boost organisational profits. At this moment in time, the project is underperforming with excessive costs, effort, and time delays, as well as reduced project quality.

Whilst this paper deals closely to my involvement in this transformational project as a member of the steering committee, the project and organisational barriers deliberated transpire across all projects within the organisation.

Current project and organisation barriers

Organisational structure is a forceful barrier directly impacting how projects are organised and managed. A formalised structure to respond to the project-based framework across the organisation does not exist upon reflection. Rather what is ostensible presently, are several isolated projects running simultaneously across the organisation deprived of synergy, mutual objectives, or shared resources. Projects are originated and managed autonomously within departments, with no succour from a Strategic Project Management Office (PMO) to align overall objectives, opportunities, and obligations amidst the organisation. This infers the organisation is structured as a multi-project organisation on the word of Müller (2009). Very little communication concerning priorities and benefits amongst different project stakeholders occurs which leads to inadequate steering and management of the project. Furthermore, matters not commanded explicitly by governing bodies including the Board, sponsors, and steering committee is often ignored. This causes poor project decision-making (Donaldson 1987), whereby resources were ineffectively allocated to other projects and misused. From this standpoint, is it any wonder why undesirable effects on project performance arise from ignoring frequent reporting and neglecting to monitor the benefits and costs accordingly? Undeniably,

the organisation does not implement effective governance structures to bolster long-term project sustainability.

In addition to the absence of a Strategic PMO, an indisputable deficiency of skilled project managers with familiarity in project methodology is in plain sight. Dedicated project managers have not been employed for the project, nor for other projects across the organisation. On the contrary, project management responsibilities are assumed by the line manager whom originates the project concept along with their general manager acting as the project sponsor. Dulewicz and Higgs (2003) decree altered personality profiles are necessitated to positively perform the responsibilities of both a line manager and a project manager. The line manager asserts managerial proficiencies including: resource management; development of others; and technical expertise. Consequently, the current approach demonstrates management professionals lacking fundamental project management skills, knowledge and personality profile are responsible nevertheless for providing clear project direction and guidance.

Surprisingly, the organisation does not provide their line manager with formal training or ongoing guidance, but simply equip them with a standardised project management toolkit. The toolkit is built largely off the project management methodologies of PRINCE2 outlining best practice framework to be applied including task designs, work processes and tools. However, as reflection serves the line manager has noticeably been incapable and reluctant towards bestowing time for improving their project management skills given their precedence to their other everyday business tasks. This has led to inadequate leadership and control of the project which has resulted in less than optimal performance from excessive costs, effort, and time delays, as well as reduced project quality. Müller and Stawicki (2007) divulge when defining the quality of project management, education is a resilient force. Hence, is there any doubt why the project team were de-motivated and lacked any sense of belonging with project leadership capabilities lucidly absent? Without a conspicuous presence of a Tactical PMO, the project team have minimal direction or support resulting in project objectives not always being met.

A qualified project manager external to the organisation was engaged following the Board becoming aware the project was underperforming. The qualified project manager possesses the necessary skillset to regain direction and confidence to turn the state of the project around. In turn-around conditions like these where rapid recovery is needed, the adoption of a more commanding and pace setting project management style is beneficial. Nonetheless, adverse outcomes from the project team will surface where this toxic management style becomes functional in a routine context as exemplified by Müller and Turner (2010). Interestingly, reactively commissioning a qualified external project manager when a project is visibly performing below standards is not an unusual approach within this organisation. Thus, this stresses the significance of harnessing a project governance model valuing internal project management expertise.

Another barrier prohibiting the success of this project is the dysfunctional communication amongst project team members. The reflection undertaken identified communication was not only lacking amongst governing bodies, but also between peers at the project level. Deplorably, the project team members lack collaboration

and sharing of information, and do not have knowledge of what one another are doing. This stems from the little amount of open dialogue or face to face contact across their multiple physical locations, resulting often in confusion from unaddressed concerns. On the surface the project team has explicit knowledge of each other's daily responsibilities, yet tacit knowledge sharing is not present. According to Lubit (2001), tacit knowledge is the experiential and subjective knowledge which is unable to be articulated in words yet instead necessitates real-world practices to comprehend the essentials of each other's responsibilities. On multiple occasions team members were found to be completing duplicative tasks, and more experienced employees were often having to rectify errors caused by junior employees. This signifies an inefficient use of effort and time, resulting in project delay. Understandably, Clampitt and Downs (1993) express the displeasure over a lack of teamwork upsets satisfaction and job productivity. Not surprisingly, the team were unenthusiastic, unwilling to contribute, and turnover was high which resulted in poor quality deliverables habitually behind schedule.

Without a formal project-based governance structure and dysfunctional communication amongst project team members, the organisation's aptitude to successfully implement and execute projects effectively is restricted. Thus far, the project-based part of the organisation has had a relatively small presence. One could imagine this has naturally been the reason behind why little investment has been projected towards project governance and project management competencies to date. Yet, with more project-based activities occurring across the organisation, this stresses the necessity for added project governance rigidity to improve performance.

How do we prevail?

Governance embraces the 'value system, responsibilities, processes and policies that allow projects to achieve organisational objectives and foster implementation that is in the best interests of all the stakeholders, internal and external, and the corporation itself', as scripted by Müller (Müller 2009, p.4). Subsequently, the ineffective governance described at both the project and organisational level has left the organisation vulnerable to the possibility of inconsistency and conflict when trying to achieve project outcomes. As professed by Müller (2009), these current methods lead to undesirable inefficiencies impacting costs and bottom line profits. Therefore, governance nurtures a framework for efficacious project performance.

But how do we reduce the aforementioned barriers within the prevailing project and organisational levels to improve project performance? The answer to this question, a new governance structure is recommended in pursuit of:
1. Implementing a formal project-based structure, embodying support from a Strategic PMO to bring accountabilities and opportunities amidst the organisation into line;
2. Aiding better education and appreciation of project management methodology with ongoing support from a Tactical PMO; and
3. Adopting effective communication.

Thus, the importance of the above recommendations assures project governance ownership and liability across the organisation, as well as the necessary provisions to achieve project success.

Firstly, a Strategic PMO to strengthen the current governance structure and overcome the barriers impacting project performance is recommended. As a central pool of resources, the Strategic PMO will have awareness of all projects transpiring across the organisation, as well as project standards and methodology to fulfil assurance responsibilities. Furthermore, by monitoring the project at all stages consistently, preparing regular structured reporting with comparable metrics for all projects, and auditing processes, this will contribute to better control of outcomes for governing bodies. Incontrovertibly, the enhanced transparency allows greater rigor in decision-making for management, sponsors, the Board, and other key stakeholders (Hobbs and Aubry 2007). Hence, this new body of project governing resources will enable greater alignment amidst organisational capabilities and strategy by guiding the stream of project information which is a large improvement from the concerning neglect of stakeholder communication currently causing poor decision-making.

Moreover, this structure minimises risk (including financial, misdirected efforts, and resource utilisation) in terms of business impact with the introduction of regular project reporting. Team members' contributions based on quantity and quality, and timelines will be measured on a regular basis. Thus, a foundation is provided for analysing outcomes and applying lessons learned which encourages the project team to improve performance, increasing efficiency and productivity. However, the organisation has yet to adopt this structure given the costs involved in implementing and fear of insufficient payback. Nevertheless, the benefits which can be derived will likely see the PMO inadvertently pays for itself.

Needless to say, coordination in the delivery of projects will become more aligned permitting greater success in the overall project delivery process. By sharing skills between portfolios and connecting project goals by means of programs the organisation will benefit from superior integration and opportunity to achieve the organisation's strategic objectives (Müller 2009). This hybrid style approach, substituting the existing multi-project approach, will reduce costs largely by reducing or eliminating duplicate efforts. Thus, the new governance approach will make sure that project performance success not only occurs for this project, but is also more likely with upcoming initiatives.

Complimentary to a Strategic PMO, is the establishment of a Tactical PMO to help diminish barriers and improve the execution of project management. The Tactical PMO endeavours to safeguard those responsible for project management tasks by ensuring they are adequately trained and proficient in the organisation's favoured expectations, methodologies, and tools, and enforcing their use consistently across all projects (Turner et al. 2008). Hence, their role will guarantee line managers undertaking the responsibilities of a project manager are well educated in project management methodology and understand more comprehensively. Accordingly, leadership and control of the project will be enhanced, re-engaging demotivated employees once again to reduce the present impact on excessive costs, effort and time delays, and poor project quality.

The Tactical PMO will have the aptitude to recognise necessary competencies and areas for improvement to be made across different project life-cycle stages for all project. They will understand the weaknesses and strengths of all organisational

projects which will inevitably provide them with the ability to deliver training and practice improvements with a higher investment return (Englund and Müller 2005; Müller 2009). Hence, with the utilisation of a Tactical PMO to rectify skill gaps, this will contribute to the long term improvement of project managers across the organisation, and better project outcomes will surface. Furthermore, each project life-cycle stage across each project may require different project management competencies (Müller 2009). Accordingly, different competencies catering to different situations can be nurtured with personal development, training, and guidance from the Tactical PMO (Turner et al. 2008). Thus, incorporating this more formal project-based governance structure is key to ensuring projects are performed within an organisational environment fostering project managers and subsequently their teams.

Research has demonstrated education has a compelling influence when defining and controlling the quality of project management for any project per Müller and Stawicki (2007). Henceforth, it is essential the organisation invest in internal accreditations and advanced training to improve project performance, particularly as more projects are entrenched within the organisation. Over and above professional acknowledgement, accreditations will aid credibility of the project manager and diminish the probability of agency problems arising amongst the project manager and sponsor (Turner and Müller 2004). More substantial financial reward for the organisation will be expected because of high-quality project management (Müller 2009). Therefore, with PMO guidance, the organisation will understand project management to be a fundamental competence.

Lastly, another key consideration to help reduce project barriers is adopting effective communication. Johnson and Wiggs (2011) and Peterson (2012) decree that upholding effective dialogic communication amongst project team members is imperative to the success of a project. Relocating all team members to a single location will provide opportunities to benefit from engaging in more face to face conversations and increase the ability to discuss situations to resolve any issues instantaneously. Undoubtedly, reducing the frequency of communication via email and telephone will aid greater team unity, awareness, and appreciation (Dixon 2000; Mollenkopf et al. 2000). The regular face to face connections will reduce any confusion, provide greater opportunities to respond to questions, as well as address any concerns overheard as substantiated by Rouzies et al. (2005). What is more, dialogic communication advances learning to attain a common resolution, greater mindfulness, and originality (Schein 1993). Hence, the project will benefit from welcoming practices to increase employee interaction resulting in improved collaboration and greater project originality surfacing.

Moreover, fostering a trusting environment where collaborative decision making is easier and more fruitful, will attempt to eradicate team members from withholding information to gain power, a key barrier to knowledge management (Hase et al. 2006). This is of interest given 90 percent of organisational knowledge is implanted and synthesized in employee's minds (Bonner 2000; Wah 1999). Evidently, shaping and maintaining an open dialogue between the team to synchronise activities, learn from mistakes and avoid the inefficiencies and ineffective use of time the project is currently experiencing is important.

Downs and Adrian (2004) profess horizontal task synchronisation helps organisations thrive, and knowledge of what one another do is indispensable for project teams to contend with market rivals. Hence, it is important to harness and share the personal and organisational knowledge amongst the team with management enhancing facilitation of experiential knowledge sharing, to increase understanding of other team member's everyday responsibilities. Therefore, driving more interaction and integration by working more closely together will strengthen relationships and knowledge sharing to advance practical insight into one another's roles.

There is a direct correlation between effective communication within teams and positive business outcomes to make the organisation more effective in attaining their objectives, including:
1. Committing project team members' to achieving common objectives (Stogdill 1972; Terborg, Castore and DeNinno 1976);
2. Enabling shared objectives to achieve quality and efficiency (Jaworski and Kohli 1993);
3. Enhancing relationship effectiveness (Ayers et al. 1997);
4. Improving knowledge sharing (Hong & Vai 2008);
5. Reducing internal conflict (Maltz and Kohli 2000);
6. Improving satisfaction of customers (Tjosvold et al. 1992); and
7. Encouraging investment return (Ellinger, 2000).

Accordingly, by eliminating the barriers prohibiting the quality of relationships between the project team, enhanced project performance will proceed. Furthermore, with effective communication coming to fruition, this allows team members to work towards common organisation objectives which will better serve future projects and team work.

In conclusion, this paper has addressed key barriers at both the project and organisation level within a large Australian financial services organisation. These barriers were pursuant to futile project governance structures, lack of project methodology familiarity and skilled project managers and ineffective communication resulting in project delivery not sufficiently undertaken. Indisputably, research indicates this project, in addition to all future project initiatives, can enhance delivery with a stronger emphasis towards improving the organisation's existing project governance structure. Firstly, the implementation of a Strategic PMO will improve transparency in project decision-making processes, minimise risks in terms of business impact with the introduction of regular project reporting and ensure project outcomes are strategically aligned to organisational objectives. In conjunction with a Strategic PMO, the proposed Tactical PMO will offer guidance and support to administer project methodology training and standards to be applied during the life of the project. Lastly, the organisation had better welcome practices to increase employee interaction given horizontal task synchronisation helps organisations thrive and knowledge of what one another do is indispensable for project teams to contend with market rivals.

By and large, the recommendations put forth allow for improved integration of organisational strategy and project objectives, whilst assuring projects are fulfilled in an environment nurturing the project manager and their team. The organisation will

be limiting itself from reaching its full potential without applying the proposed resolutions.

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