PROJECT GOVERNANCE
&
PROJECT STAKEHOLDER
PROJECT GOVERNANCE

• Project governance can be defined as an organization’s overall process for sharing decision rights about projects and monitoring the performance of project interventions.

• Some form of project governance.
  – designed a set of project governance mechanisms (committees, budgeting processes, approvals, etc.)
  – encourage behavior consistent with the organization's mission, strategy, values, norms, and culture.
• The objective of project governance:
  – to establish clear levels or authority and decision making including the planning, influencing and conducting of the policy and affairs of the project.

• It involves the people, policies and processes that provide the framework within which project managers make decisions and take actions to optimize outcomes related to their areas of responsibility.

• This is achieved by defining and identifying the roles, responsibilities and accountability of all people involved in a project, including their interaction and level of coordination with internal and external dependencies.
• The organization’s management team is responsible for setting up and supporting the governance structure before the project initiates its activities to ensure that all key decisions are made at the right time.

• The management team defines the project governance in a document that outlays the roles and responsibilities for decision making in the project team and stakeholders;

• this may include:
  — the creation of a project committee and its high level operating rules.

• Project governance document helps projects by
  • defining the procedures to follow escalation of issues,
  • defines the decision making structure,
  • defines the roles and responsibilities of each key stakeholder
  • about the different processes in the project from communications to budget change authorizations.
• Some project governance committee that oversees all projects and defines the decision making structure for each project.

• May include
  – decisions about project proposal approvals and supervision of the organizations’ project portfolio in general
  – the selection or appointment of project managers.
PROJECT STAKEHOLDERS

⇒ The people involved in or affected by project activities.

<table>
<thead>
<tr>
<th>INTERNAL</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Project sponsor</td>
<td>- Project ‘s customers</td>
</tr>
<tr>
<td>- Project team</td>
<td>- Competitors</td>
</tr>
<tr>
<td>- Support staff</td>
<td>- Suppliers</td>
</tr>
<tr>
<td>- Internal customers</td>
<td>- Others; such as government officials</td>
</tr>
<tr>
<td>- Top management</td>
<td></td>
</tr>
<tr>
<td>- Other functional/project manager</td>
<td></td>
</tr>
</tbody>
</table>
Key stakeholders on every project include:

- **Project manager**—the individual responsible for managing the project.
- **Customer**—the individual or organization who will use the project product. There may be multiple layers of customers. For example, the customers for a new pharmaceutical product may include the doctors who prescribe it, the patients who take it, and the insurers who pay for it.
- **Performing organization**—the enterprise whose employees are most directly involved in doing the work of the project.
- **Sponsor**—the individual or group within the performing organization who provides the financial resources, in cash or in kind, for the project.
Importance of Top Management commitment

- Project managers need adequate resources
- Project manager often require approval for unique project needs in a timely manner
- Project managers must have cooperation from people in other parts of the organization
- Project managers often need someone to mentor and coach them on leadership issues.
### Figure 2–6. Organizational Structure Influences on Projects

<table>
<thead>
<tr>
<th>Project Characteristics</th>
<th>Organization Type</th>
<th>Functional</th>
<th>Matrix</th>
<th>Projectized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Functional</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weak Matrix</td>
<td>Balanced Matrix</td>
<td>Strong Matrix</td>
</tr>
<tr>
<td>Project Manager’s Authority</td>
<td>Little or None</td>
<td>Limited</td>
<td>Low to Moderate</td>
<td>Moderate to High</td>
</tr>
<tr>
<td>Percent of Performing Organization’s Personnel Assigned Full-time to Project Work</td>
<td>Virtually None</td>
<td>0–25%</td>
<td>15–60%</td>
<td>50–95%</td>
</tr>
<tr>
<td>Project Manager’s Role</td>
<td>Part-time</td>
<td>Part-time</td>
<td>Full-time</td>
<td>Full-time</td>
</tr>
<tr>
<td>Common Titles for Project Manager’s Role</td>
<td>Project Coordinator/Project Leader</td>
<td>Project Coordinator/Project Leader</td>
<td>Project Manager/Project Officer</td>
<td>Project Manager/Program Manager</td>
</tr>
<tr>
<td>Project Management Administrative Staff</td>
<td>Part-time</td>
<td>Part-time</td>
<td>Part-time</td>
<td>Full-time</td>
</tr>
</tbody>
</table>

- **Projectized**
  - High to Almost Total
  - 85–100%