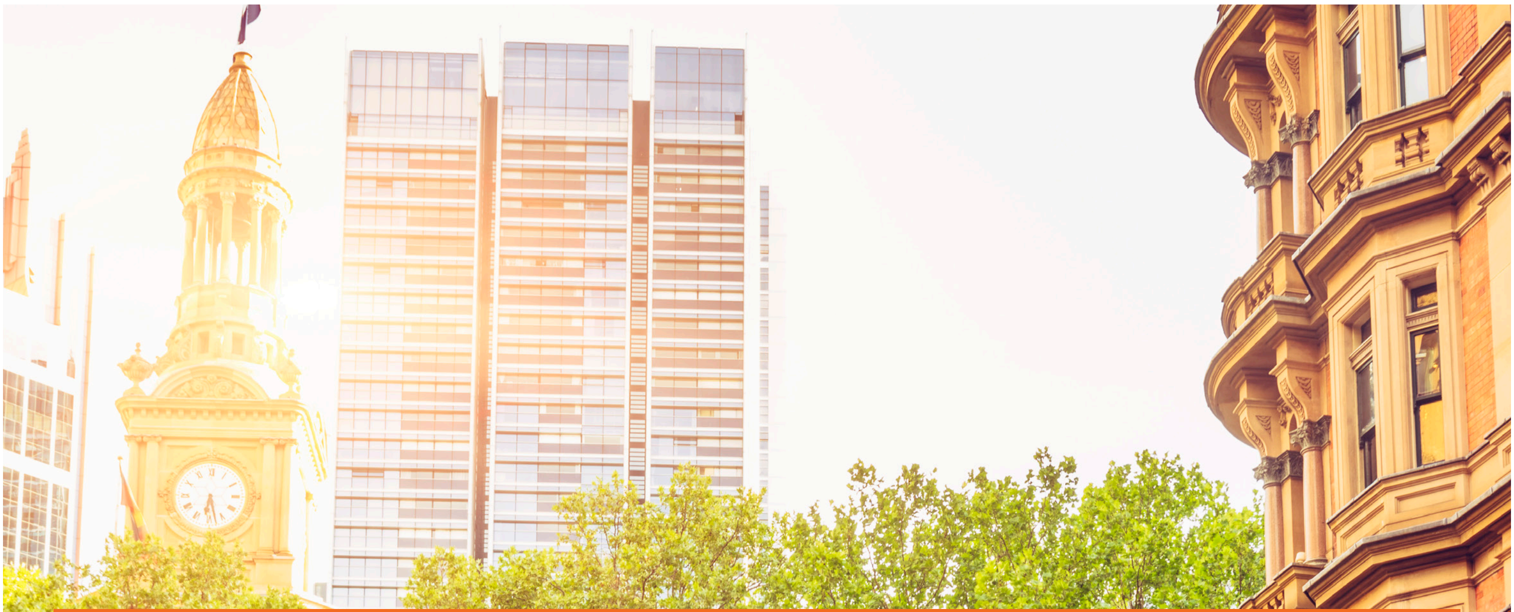

Influencing successful outcomes on large projects

Organisations have always evolved with changing market conditions. But with markets no longer so constrained by geographical boundaries, and new technologies changing the way we work and collaborate, large transformation programs have become both more common and more complex. Additionally, more empowered and more demanding consumers, and greater scrutiny by shareholders and regulators increases the pressure on businesses to get these transformation projects right.

Typically, these programs are large scale and take place over long periods of time. Most involve multiple projects or workstreams. While not limited to technology projects many aim to retire ageing legacy systems without compromising existing operations. And all are expected to deliver benefits to a wide range of stakeholders, without putting customer service or compliance standards at risk.

Risk committees can play an important role in looking at the end-to-end program life cycle and implementing a risk-driven approach to project assurance.

The role of the risk committee

The challenge for the risk committee is to ensure the integrity of the project governance framework, while overseeing the risk profile of the organisation's project portfolio as a whole. Its role is to maintain oversight and initiate additional assurance activities whenever a program or project represents a significant risk to the organisation.

Committee members need a thorough understanding of the relative risk profile of major projects – not only those involving a high level of expenditure, but also those with the potential to significantly impact the organisation's ability to carry on business as usual. By understanding the risk profile across the project portfolio, the risk committee can identify emerging operational risks to the organisation as a whole.

Warning signs of ineffective governance

There are a number of warning signs that may indicate that the project is not progressing as it should. Directors should be prepared to challenge steering committees and, if necessary, make hard decisions to avoid costly mistakes.

These warning signs can include:

- **The steering committee is too operationally focused**
  If steering committees get too involved in the project detail, they may lack the necessary objectivity to set the overall direction.
- **Vendors are playing too big a role in the projectt**
  The role of vendors can be important however if they play too large a role, it's a sign of lack of ownership of the project. Organisations need to own their own destiny. Additionally, vendors may have too much influence on the steering committee.
- **Milestones continually slip with little prior notice**
  This is a strong indicator that the project schedule is far from robust.
- **The executive team has limited engagement with the project**
  When key project roles are delegated to junior staff, the project team lacks the ability or organisational standing to drive change.
- **Project stakeholders have divergent requirements**
  Any misaligned stakeholder requirements should be identified and resolved early in the project, otherwise achieving the desired outcome will be difficult.
- **Project reporting is incomplete or inaccurate**
  Failure to present an accurate view of project performance will limit the effectiveness of project governance forums, putting the entire program at risk.

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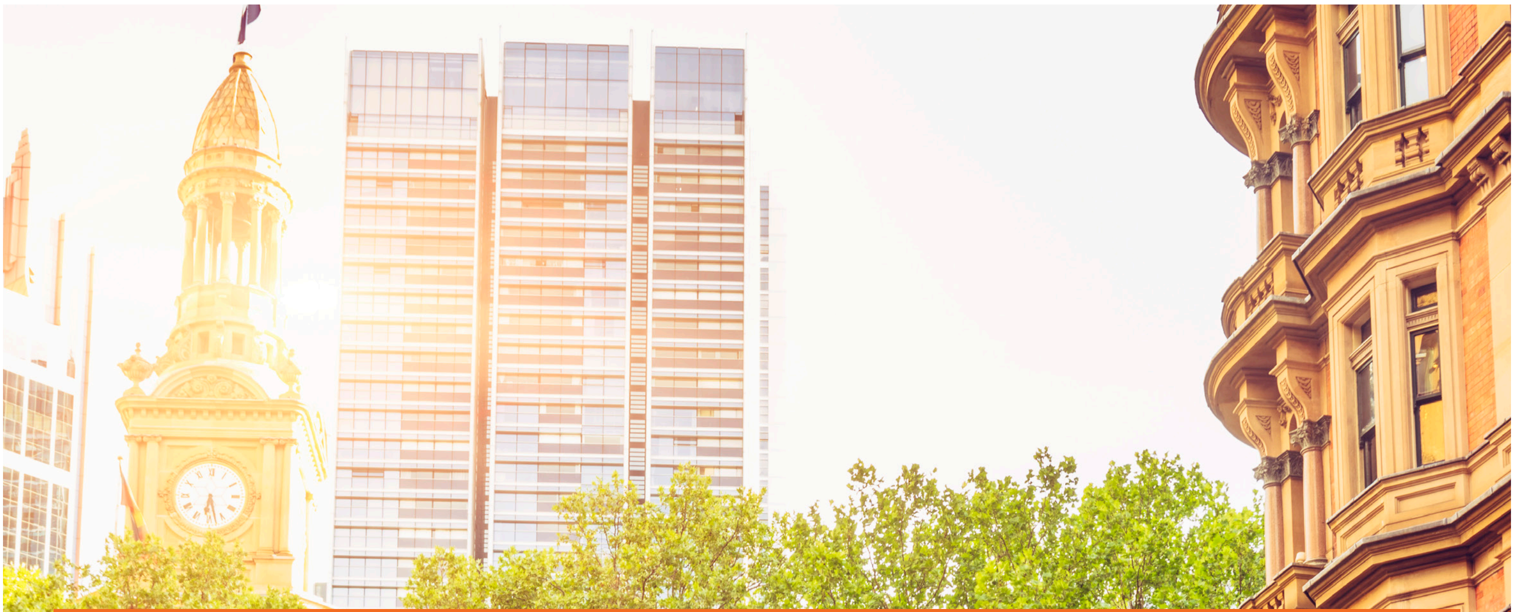

Influencing successful outcomes on large projects

Questions to ask

Having alignment across the project portfolio is critical to ensure the various workstreams complement rather than compromise one another, putting a strain on the organisation's financial and human capital resources. This level of insight requires accurate information to understand exactly how each project is tracking, and where the potential risks to delivery lie.

Key questions risk committees should be asking are:

1. Is there a detailed business case identifying the benefits of the project and the business owners of each benefit? Have the risks to achieving each benefit been defined?
2. Is there a Project Management Office (PMO) overseeing the project portfolio and acting to disseminate expertise, project tools and best-practice methodologies across the organisation?
3. Does each project have a strong and effective steering committee responsible for the project's business plan and the achievement of project outcomes?
4. Is there a comprehensive change management plan in place?
5. How engaged do people feel in the change?
6. Does the risk management strategy set out the organisation's approach to identifying, assessing and managing emerging strategic and operational risks?

More than ever, organisations need to be able to provide shareholders and customers with a coherent and authentic narrative about who they are and what they will be in the future. This is only possible if they have control over their transformation portfolio.

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