



DOHALAND



**Project Governance**  
**Providing Executive Management the Tools to Lead**

Harold Dorbin | Senior Vice President  
Marsh| Marsh Risk Consulting | Construction Consulting Practice



- Working Definition
  - What It Is and What It Is Not
- Obstacles to Project Planning and Execution
  - Variability in Procedures and Practice
  - Project Success Goals and Losing Sight of Them
  - Constraints Are Often Missed
  - Project Contract and Scope Relationship Diagram
  - Assumptions – Impacts Not Analyzed
- Overcoming the Obstacles
  - Governance With Gate Systems
  - Governance Through Transparent Reporting
  - Governance Organizations
- Wrap Up and Questions

# Project Governance

Working Definition:  
What It Is and What It Is Not

- Project Governance working definition:
  - “The measured capacity of a management organization to influence the positive outcome of a project”
- Drives questions:
  - How do I measure “capacity” to influence the project?
  - How do I further ensure measures taken will produce a positive outcome?

# Project Governance

Obstacles in Planning  
and Execution

# Subjective and Judgment-Driven Procedures



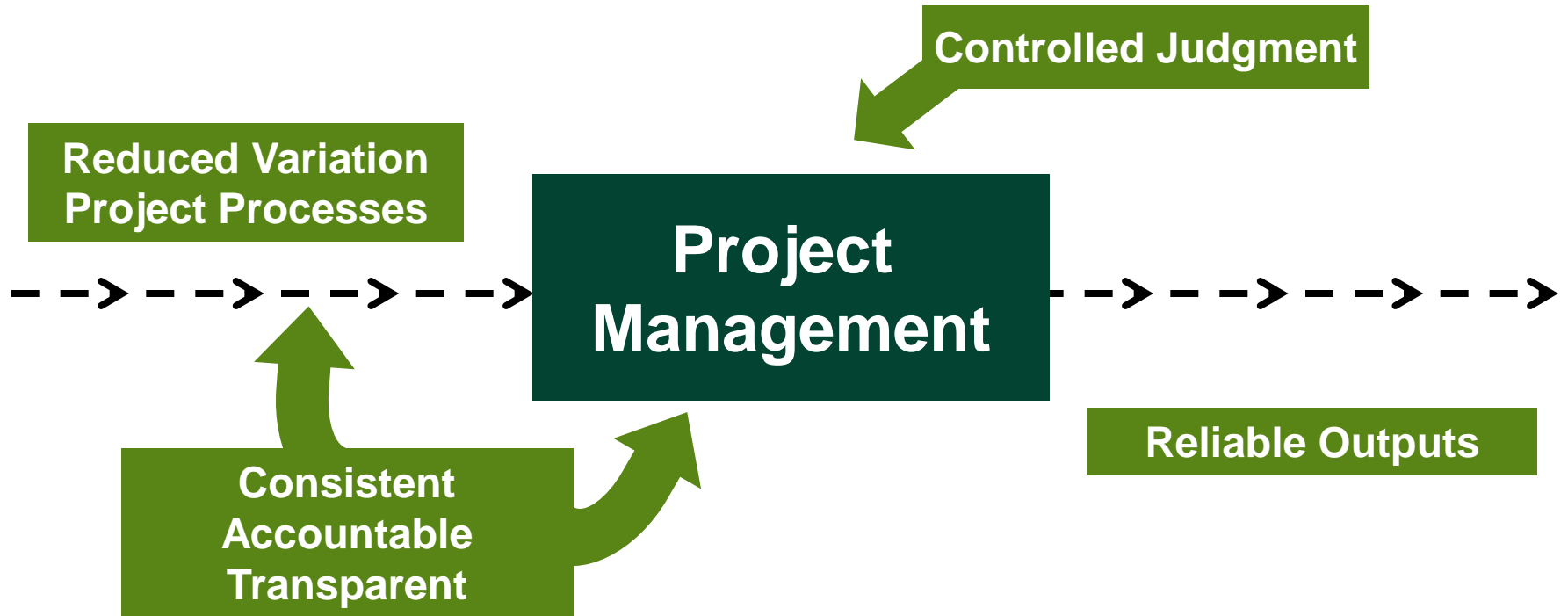
- Procedures: reflect the plan of what is to be done in project planning and project execution processes
  - Lack specifics so that 100 percent compliance is achieved
  - Undefined process means that it cannot be:
    - Consistent in performance;
    - Accountable so that each participant and management knows who is responsible for what; nor
    - Transparent to management
  - Outdated or inappropriate methods/tools applied

- Practice: written procedures may be fine, but often they are simply not followed
  - No process to track when procedure is not followed (audit/corrective action process)
  - Output does not conform to written procedure format
  - Exceptions to written procedure are taken but not highlighted in reports-JUDGEMENT (if the procedures are good, then it is the exceptions that should increase risk)

Both Procedures and Practices need to be:

- Industry best practice
- Consistent/accountable/transparent

# PROJECT GOVERNANCE AND CONTROL



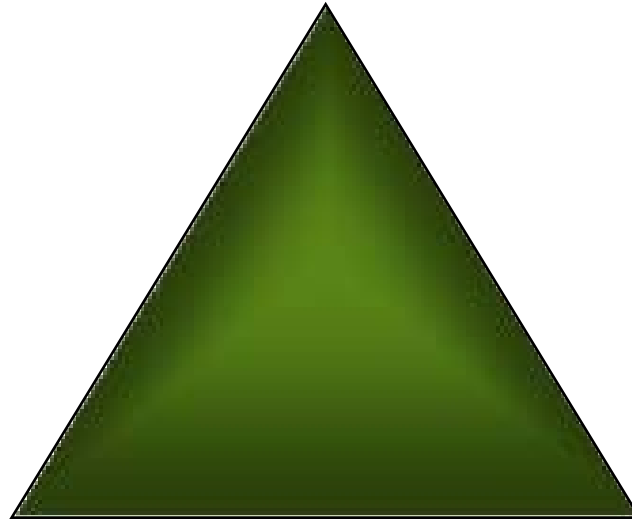


- Project Success Goals (PSGs) – the goals that must be achieved in order to consider the project a “success”
  - These are different for each project participant
  - Project Owners/Developers often have longer term, more complex PSGs
  - As project planning matures, the tendency is to “ignore” complex PSGs rather than integrating them into project development processes (bid development/award processes, acceptance criteria, warranty obligations, etc.)

- Risk – affects a PSG
- Once PSGs are prioritized, can select “Best Risk Fit” for:
  - Project delivery method
  - Award evaluation criteria
  - Design/technology choices

## Scope Relationships

**Contracts**

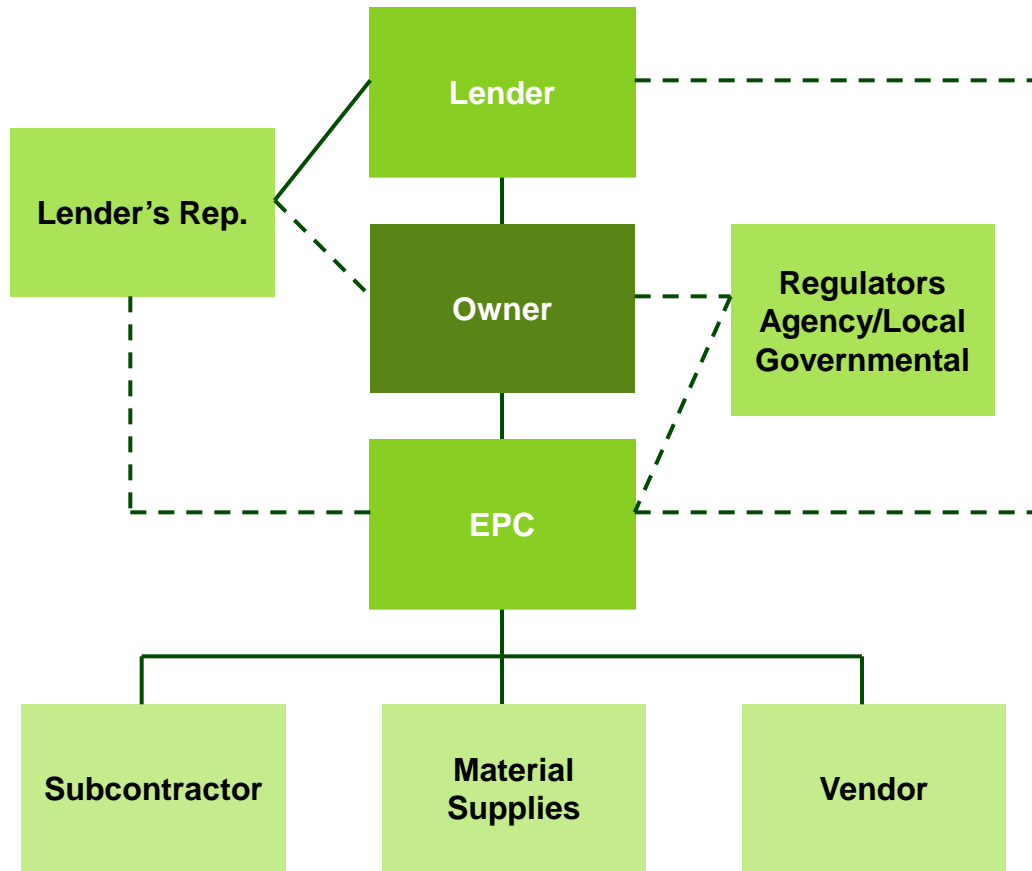


**Execution Environment**



- Constraints come from all of the “Three Sources of Project Risk” and are simply limitations (natural and human-caused) as to how the project can be executed
- Constraints are often in conflict with PSGs or affect options available to achieve PSGs
- Identifying constraints early through the Project Risk Management Process requires a *project-specific* focus rather than a checklist or brainstorming process
  - Scope relationships
  - Contracts
  - Execution environment

# Project Contract and Scope Relationship Diagram



- Due to lack of information, “assumptions” must be made early in development of a project
- Example: pre-feasibility – assumptions are documented and explained, but often just accepted and then it is “on to the next stage of development”
  - Risk of an assumption never disappears until validated as true
  - All assumptions should be documented and retained in a separate list
  - Impact of an assumption’s outcome is seldom analyzed (cost, schedule, or other goals) to determine whether assumptions need further review



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# Project Governance

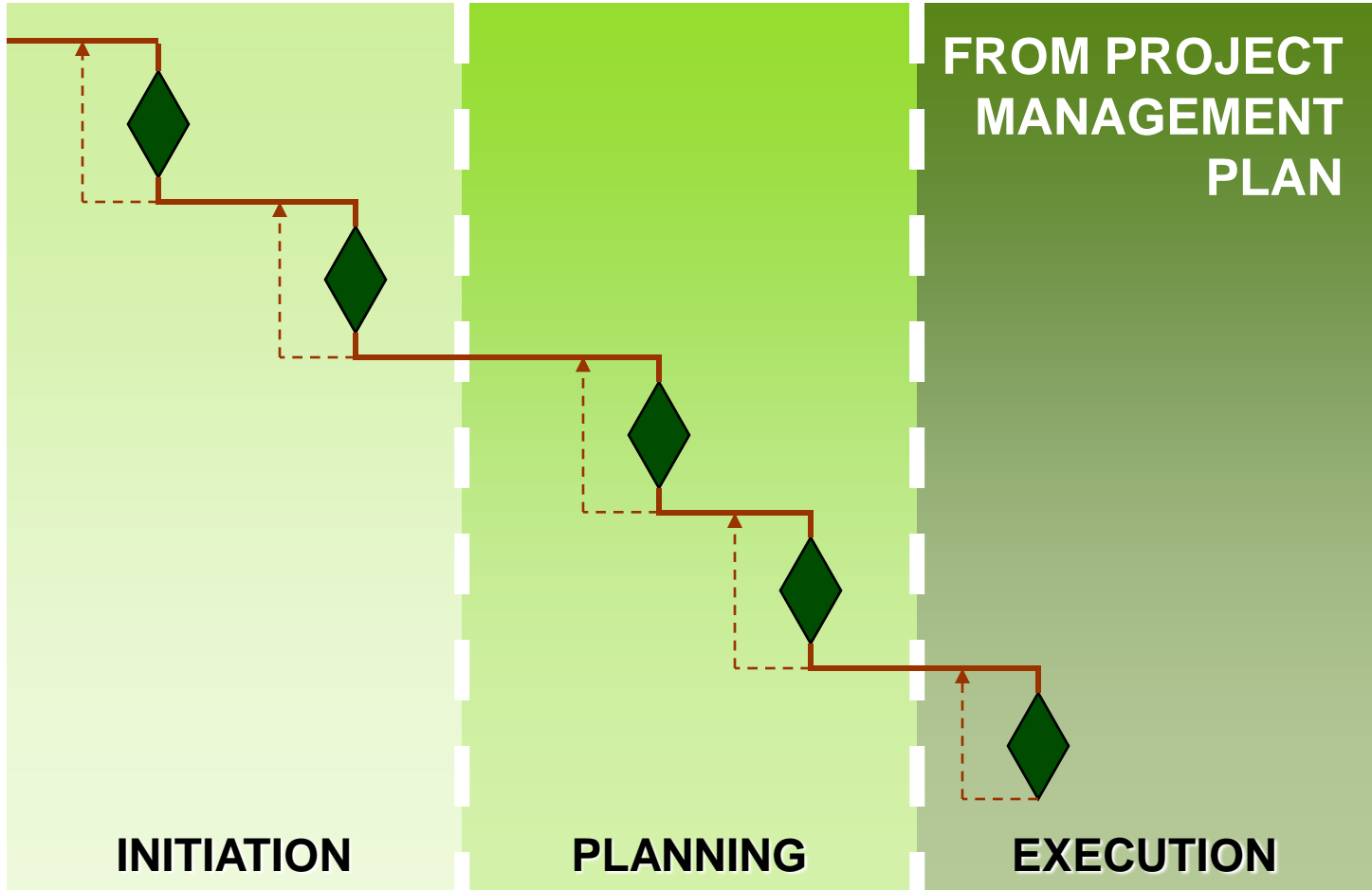
## Overcoming the Obstacles

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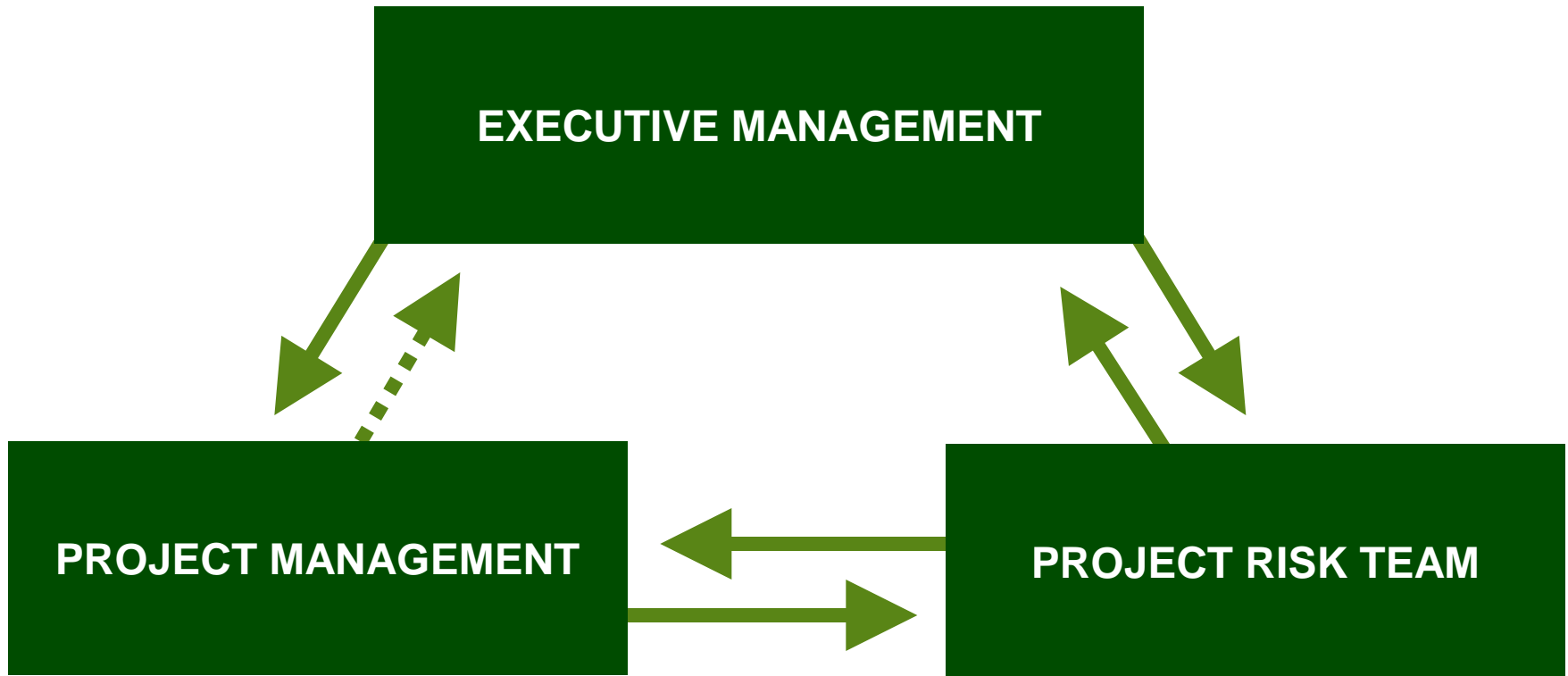
# Governance With Gate Systems



- Gate System Parameters
  - Identify and prioritize PSGs
  - Set realistic timeline for all stages of planning
  - At each Decision Milestone or Key Decision node determine:
    - Accepted methods for cost and schedule estimate
    - Scope definition requirements
    - Assumptions – either validate or understand variability
    - Confirm constraints are identified and addressed
    - Understand key risks to PSGs and have plans on how to manage them
  - ANY exceptions to the protocol are brought to the attention of executive management and decision as to whether the project can proceed to the next stage is then made
  - Gate System continue until all project decisions are completed (i.e. award to constructor, acceptance of facility, closeout of warranties, etc.)



- All *good projects* have unexpected events... *great projects* are prepared to address them
  - Reporting and Communication Process – critical for all project Owners, but not always addressed successfully
  - Rule is “ you won’t get it unless you require it”
    - Electronic schedules and all updates
    - Line item variance reporting/trending
    - Critical path performance/forecasting
    - Productivity assessments/trending
    - Manloading/work area density mapping
    - Risk action plan metrics and trends



- Project Risk Team - Experience
  - Project Management – Legal – Project Controls – Construction
- Parameters for Engagement
  - More objective criteria is best
    - Ex. forecast is more than x percent above
    - Criteria often comes from Project Risk Management
  - Participate in project reviews with Project Manager
  - Request or self perform audits

# Project Governance

## Wrap Up and Questions



**Harold Dorbin**

Senior Vice President  
Construction Consulting Practice  
Marsh Risk Consulting  
Marsh USA Inc.  
Houston, TX  
P: 713 276 8505  
C: 713 254 7823  
[harold.dorbin@marsh.com](mailto:harold.dorbin@marsh.com)  
[www.marshriskconsulting.com](http://www.marshriskconsulting.com)  
[www.marsh.com](http://www.marsh.com)

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