Information Technology Governance in Practice: A Project Management Office’s Use of Early Risk Assessment as a Relational Mechanism

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ABSTRACT

This paper compares implementation frameworks for Information Technology (IT) governance and functions of a Project Management Office (PMO). While there are commonalities, the relational mechanisms called for in IT governance frameworks are omitted from the PMO functions. The authors provide a case study of a PMO at a large municipal government organization where relational mechanisms are incorporated into the risk assessment process through the use of a risk profile spider chart. Drawing conclusions from collaborative practice research, the authors discuss the use and relational aspects of the risk profile spider chart and show how this tool enables boundary spanning between the PMO and other departments by functioning as a boundary object-in-use, increasing the likelihood of buy-in for IT governance decisions. The authors conclude that the tool has potential both as a risk assessment mechanism and a boundary object for building collaboration and thus may be useful for PMOs at other organizations.

Keywords: Boundary Objects, IT Governance, IT Project Management, Project Management Office, Relational Mechanisms, Risk Assessment Process, Risk Profile Spider Chart

INTRODUCTION

In the last decade, information technology (IT) governance, which provides a foundation for an organization to assess and control its IT investments, has emerged as an important organizational concept (Bowen, Cheung, & Rohde, 2007). Organizations are working to establish IT governance models and to discover the best methods for IT governance implementations (De Haes & Van Grembergen, 2008; Sambamurthy & Zmud, 1999). The overarching IT governance goal is to provide high-level oversight and better strategic alignment of IT operations within an organization. A recent Delphi survey of IT governance practices (De
Haes & Van Grembergen, 2008) identified a number of governance structures for ensuring strategic alignment of IT operations, including IT strategy and audit committees at executive levels in the organization, together with various steering committees at the operational level, but surprisingly, did not identify project management offices (PMOs) as a potential IT governance structure.

The omission of PMOs from research on IT governance structures is particularly surprising because of the growing popularity of PMOs in the last decade (Dai & Wells, 2004). The goals of PMOs are premised on their organizational contribution (Aubry, Hobbs, & Thuiller, 2007) and typically include better project oversight and improved alignment of IT with business goals (Hill, 2004) – essentially the same as the goals of IT governance initiatives. PMOs are associated with higher levels of project performance in Information Systems (IS) organizations (Liu & Yetton, 2007), although their success depends, in part at least, on effective staffing and appropriate change management strategies (Hurt & Thomas, 2009; Singh, Keil, & Kast, 2009). In practice, a key challenge faced by organizations introducing IT governance initiatives, including PMOs, is potential resistance to centralized control from groups and departments within the organization (Singh et al., 2009).

One critical element in the establishment of any IT governance initiative is the determination of appropriate levels of oversight required for proposed projects in order to ensure adequate protection of IT investments. Early risk assessment processes can be used to determine the appropriate levels of oversight required for any particular project proposal. However, the insistence on too much centralized oversight for minor projects is a poor use of an organization’s resources and creates resentment, fueling local departments’ reluctance to relinquish IT control (Peterson, 2004). On the other hand, failure to implement adequate oversight of highly critical projects can result in expensive cost over-runs and project failures.

The aim of this research was to explore the connection between IT governance and PMO initiatives. In particular, our research was guided by the over-arching research question:

How can a PMO over-come departmental resistance to the introduction of centralized project oversight while still fulfilling its mandate of introducing greater rigor into the organization’s project management processes?

The case study selected to address this question was chosen because it provided the opportunity to examine how a traditional project management tool, initially introduced by a PMO for the IT governance purpose of centralized planning and control, can be appropriated as a relational mechanism and boundary spanning object to overcome departmental resistance to the introduction of centralized project oversight.

We begin with a brief review of the IT governance and PMO literatures.

LITERATURE REVIEW: CONNECTIONS BETWEEN IT GOVERNANCE AND PMOS

IT governance is an organizational capacity exercised by the highest levels of management in order to formulate and implement IT strategy that is fully aligned with business objectives. The goal of effective IT governance is to leverage the organization’s IT infrastructure in order to ensure business value from IT investments and to mitigate risks from new IT initiatives (Bowen et al., 2007; De Haes & Van Grembergen, 2005). The formulation and implementation of IT strategy within the IT governance context requires both organizational leadership and appropriate organizational structures and processes (De Haes & Van Grembergen, 2005; Peterson, 2004).

While IT governance encompasses all of an organization’s IT activities, the PMO has a more limited focus on the management of IT projects within the organization. According to the Project Management Institute, a PMO is “an organizational unit to centralize and coordinate the management of projects under its domain” (Project Management Institute, 2004, p. 17). As such, it might be assumed that the PMO would
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