ERP INSIGHTS

Managing Both the Forest and the Trees

An Overview of Project Governance

BY MIKE MUCHA

Almost 500 years ago, John Heywood, a Renaissance writer, documented one of the biggest challenges for current government information technology projects—or many other change initiatives—when he described the problem of "not being able to see the forest for the trees." Within an enterprise resource planning (ERP) project (or many other similar initiatives in government), people tend to become so involved in the details of the effort they lose focus on the bigger picture goals or purpose.

Defining organizational roles is critical to overall teamwork and being able to successfully manage organizations or projects. Coaches don't play in the game, military generals don't fight on the front lines, CEOs from major corporations don't answer customer phone calls, and the school principals don't teach classes. It's not that these executive leaders can't work in the details, it's that all organizations and projects need focus at both levels, and it's impossible to do both at the same time. For small projects, or when time is abundantly available, it might be possible for one person to wear two hats and switch back and forth, depending on what is needed at the time.

But within government, and especially within an ERP project, it's unlikely that anyone ever had the problem of having too much free time and getting bored.

Leaders bring other resources into the project from across the organization because one person can't manage all tasks alone. These resources fulfill roles. Those roles need to be clearly communicated both to the person filling the role and to everyone else on the team. Defining why each role is necessary, who fills it, how it functions relative to the others, and what authority it has—these form the basics of project governance.

Importance of governance

A structured approach to governance is extremely common within government. Elected officials establish high-level policies, allocate funding, and promote accountability. Executive leaders coordinate departments and lead staff. Department directors lead specialized teams that provide services, and the employees who make up those teams do the work. Most positions will have job descriptions and clear responsibilities, and those positions and responsibilities are clear for carrying out the goals and objectives of the entire organization. For example, the role of the public works

director, code enforcement officer, firefighter, IT manager, grant accountant, payroll coordinator or other positions are defined and everyone understands their role. When individuals from across the organization come together, everyone understands who is doing what. For an ERP project or any other large initiative, resources from across the organization are coming together, but the mission and objectives are different. Those standard roles are not positioned to achieve project objectives. New roles must be established and without clear definition, individuals aren't able to understand their roles or the roles of teammates. Entering a project with that level of confusion is not a recipe for success and when organizations attempt it, one of two outcomes typically occurs. They either waste precious time trying to figure out governance as they go, or projects suffer from redundancy, dropped assignments, misunderstandings, and conflict until they finally pause to resolve the problem. Project governance doesn't need to be complicated, but it does need to be clear.

Structure of ERP project governance

For ERP projects, GFOA recommends a simple governance structure that involves three primary levels, as shown in Exhibit 1: steering committee, project manager, and project team. Each level has unique requirements that are essential

for all projects. The steering committee is made up of decision makers and leaders from across the organization who have an interest in the project. For an ERP project, this often includes the finance director, human resource director, information technology director, and other department directors who would represent key stakeholders on the project. This could include a sampling of other department heads like the police chief, public works director, parks and recreation director, human services director, or other key departments to provide the perspective and leadership for these critical stakeholder groups.

Overall, a project will typically balance numbers between core departments and operating or end user departments. For example, if the steering committee includes the finance director, human resource director, or information technology director, it could also include two or three other department directors. The project manager is usually a single individual or small team that provides overall project planning, coordination, and risk management for the project. Most often, the project manager will have an existing role in the organization and a "home" department, but for the project, they would report to the steering committee.

The project team is then made up of individuals who bring expertise and responsibility for all the functional

and technical components included in the project scope. GFOA recommends organizing the project team into mini teams or committees by business process area (accounting, procurement, projects/ grants, human resources, time entry, payroll, and more). Project teams will include resources from core departments, technical staff, and representatives from operating departments.

For larger organizations or governments with a desire to make simple things more complicated, the project governance structure can include many variations and additional components. Exhibit 2 shows a more complex governance structure. While the core of this structure remains the same as the simple option, it provides for additional roles. Governments would be able to add these roles as necessary to fulfill project needs or to provide a role for stakeholders that need to be included. Options include:

- **Project sponsor.** On some projects, a single executive will serve as a project sponsor and take on a role at a higher level than that of the steering committee. This leader often has a limited role in the project but can play a symbolic role to demonstrate executive support or executive accountability.

- **Project advisory committee.** Steering committees struggle when they include a large number of members because this

EXHIBIT 1 | **Simple project structure**
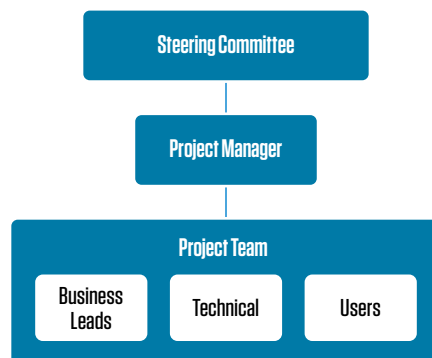
EXHIBIT 2 | **More complex governance structure**
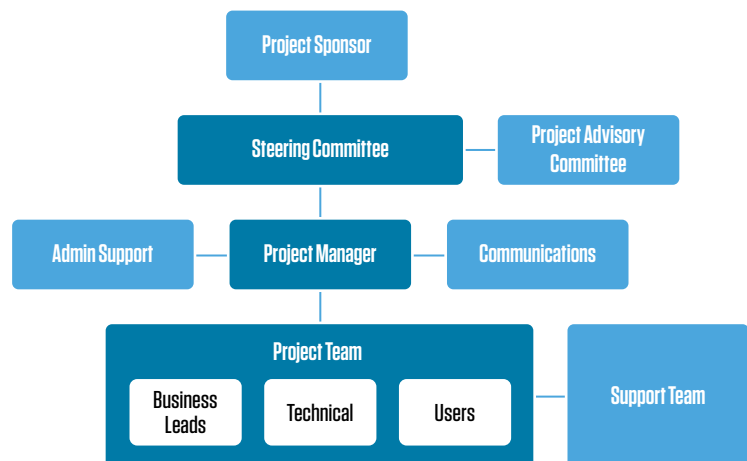
makes it harder to schedule meetings and make decisions. In larger organizations, though, it may be necessary to involve a large number of department directors in the project. In this case, an advisory committee can help these leaders stay involved without getting in the way of timely decision making.

- **Communications.** In most organizations, the project team and project manager will be responsible for project communications. Organizations with a dedicated communications team, however, may want to tap into these specialized resources on a project.

- **Administrative support.** ERP projects require coordination of many teams. Project managers can quickly get overwhelmed by administrative details. When that happens, or is expected to happen, it can be valuable to have a position focused on providing administrative support.

- **Support team.** As organizations think about the future beyond the project, it will be important to establish a long-term support structure to maintain the system. If the employees who will be supporting the system aren't the ones tasked with implementing it, there may be a need to include the support group in a formal governance structure and take on a role similar the project team.

Role of the steering committee

Once established, the steering committee should be responsible for the strategic direction and general oversight of the project. The steering committee will set goals, identify scope, assign and support key project resources, make or validate major project decisions, manage risks, and work to resolve issues that are escalated to it. The group also serves as overall champions for the project. One critical role is to ensure the projects have appropriate and sufficient resources, which includes both securing the budget and working to clear any barriers or obstacles faced by the project team. Having representation across the entire organization can be an advantage when trying to

navigate other competing projects.

If project roles are described by identifying the key questions for the project, the steering committee will be focused answering both "what" and "why." Being able to clearly communicate the purpose behind the projects is critical for building support. Focusing on what is included in the scope of the project allows the steering committee to hold the entire organization responsible for results.

Role of the project manager

The project manager is responsible for both developing and implementing the project plan. They coordinate the day-to-day activities of the project team and are typically responsible for reporting on project status to the steering committee. Project managers work to manage scope, schedule, budget, and resources for the project. On an ERP project, they will also serve as primary point of contact for the vendor and provide a key quality assurance role related to contract compliance and deliverable/milestone acceptance. Project managers often bring specialized skillsets in project management and may even be certified as a project management professional (PMP), but they are still likely to have very different backgrounds. It's generally not important for a project manager of an ERP project to be an expert in finance, human resources, procurement, technology, or any of the other areas on the project. The project will have other resources that specialize in those areas. The project manager will, however, need to know what resources are available and get them included when necessary.

The primary questions a project manager answers are "who" and "when." Who needs to be involved? The project manager coordinates multiple teams and ensures that there is appropriate stakeholder participation. In large change initiatives, getting stakeholders involved early and coordinating their continued participation through current state analysis, future-state decision making, configuration, testing, and deployment is key. The project manager will also manage the project plan and stay on top of when key activities

are required. With so many moving pieces, the importance of having an accurate timeline can't be overstated.

Role of the project team

The project team represents the "doers" of the project. They review policies and processes, conduct research on potential solutions, make hundreds if not thousands of decisions related to the project, and bear responsibility for executing the project plan and completing tasks related to design, configuration, data conversion, testing, training, and cutover. After the project is over, the project team will likely assume responsibilities that make them "power users" in the newly implemented system. In many projects, the project team also provides a role similar to that of a "mini" project manager to complete sub-projects related to the area of functionality they represent. For example, as part of implementing a new procurement system, it may be necessary to revise the organization's procurement policy. This is a project unto itself, and the project team leader for procurement would likely lead this effort and work to include stakeholders from across the organization and to deliver it on time to align to the larger effort.

The question that the project team answers is how. Project team members are problem solvers that need to determine the best process, configuration, or solution. Project team members need to work around resource constraints, system limits, time pressure, or political sensitivity, while also considering best practices or industry standards to define and implement the best solution and define how the organization will work in the future.

Key elements for successful governance

While creating an effective governance structure isn't difficult, there is, unfortunately, no simple and single answer that can be applied in all cases to define the best governance structure. Each organization is different, each project is different, and the individuals working on the project bring different levels of knowledge, experience, and perspectives. Based on prior experience,

several common themes emerge that can provide guidelines or recommendations for effective governance.

1. **Start early.** Don't wait to encounter a problem before establishing a governance structure. Every project needs to establish clear roles, answer key questions about vision, goals, and scope, and determine a process for when risks emerge.

2. **Set clear expectations for collaboration.** On any project, diversity of ideas should be encouraged. Similarly, the project needs to establish a culture that encourages debate, discussion, and analysis. Documented guidelines for how individuals work together can be effective to reinforce the ways in which everyone can show respect, feel included, and support each other and the overall project goals.

3. **Identify how decisions will be made.** While we hope there is universal agreement for key decisions, it is unlikely to occur on all issues. The project governance structure should clearly define how key decisions will be made. When disagreements occur, will there be a vote? How many votes are necessary to move forward? If dissent exists, do you escalate the issue? All these questions (and more) should be answered before you get stuck on an issue.

4. **Don't underestimate the need to communicate.** Not everyone can be in the room when decisions are made, and even if they could, attendees would probably remember what happened differently. Having a clear governance structure can reinforce who is responsible for documentation and communication. And when communicating, remember the audience and make communications relevant.

5. **Avoid coalitions and embedded hierarchies.** The project governance structure represents a temporary structure that overlays existing hierarchies and formal org charts. Where possible, the steering committee and key individuals from a project team should be at a peer level in the organization. For example, a steering committee made up of five directors and one division manager can be awkward because not everyone is at the same level in the overall organization hierarchy. Similarly, governments should always avoid placing supervisors and direct reports together on the steering committee. If that one division manager reports to one of the other directors on their committee, it can create a problematic alliance that works against effective decision making.

6. **Prevent one person from serving multiple roles.** While it can be tempting, having one person serve at multiple levels of the project can be a huge risk. When a project team member doubles as the project manager, they often get overburdened quickly and abandon their role as project manager. Steering committee members who also serve key roles on the project team often can't avoid being consumed by project details and lose their ability to serve at a higher level. When project team members are also involved with the steering committee, the structure loses all ability to escalate issues, as the project team member would escalate the issue to themselves.

7. **Empower the project team and avoid steering committee encroachment.** Once established, the steering committee should empower the project team to make decisions. Having a steering committee that is constantly second-guessing decisions or getting involved at a detailed level will quickly cause the project to grind to a halt, alienate the project team, and cause the entire governance structure to dissolve.

Establishing an effective governance structure sets the framework for decision making and identifies roles and responsibilities for all stakeholders. Each level is responsible for answering key questions for the projects. The steering committee focuses on *why* and *what*, the project manager can take care of *who* and *when*, and the project team solves *how*. To establish an overall culture for a project that brings together diverse stakeholders and supports sustainable change, GFOA's financial foundation framework provides five pillars or values that contribute to effective governance. A December 2024 *GFR* article, "The Foundation for a Strong ERP System" (gfoa.org/materials/gfr1224-fff-erp), explained how to apply the framework for effective governance, along with the importance of establishing a long-term vision, building open communication and trust, using collective decision making, creating clear rules, and treating everyone fairly.

In the end, success requires recognition that all positions on the team are essential and that all serve different roles that contribute to overall project success. With ERP projects, governments need to think about how they will manage both the finest of details at the same time as major milestones and business process outcomes that may take years to fully implement. As John Heywood's idiom suggests, someone who is so engrossed in the details of a situation cannot see the overall context or the larger picture. At the same time, a project is made up of complex and interconnected details forming a whole that is greater than the sum of its parts.

ERP project governance needs to prepare the organization to focus on and manage both the forest and the trees of a project. The steering committee, with its ability to set goals, monitor overall progress, hold resources accountable, and provide resources where necessary to overcome issues or obstacles, takes responsibility for the whole forest. At the same time, the project manager and project team must be trusted to work on the ground, caring for each tree and working efficiently through project tasks. Working together, both groups can support each other and deliver ERP project success. ▣

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