



# Front-end definition of projects: Ten paradoxes and some reflections regarding project management and project governance

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Received 8 October 2014; received in revised form 12 January 2015; accepted 19 January 2015

## Abstract

The importance of the front-end decision-making phase in securing projects long-term success is being increasingly recognized. This area is underrepresented in the literature, but there are several key themes that run throughout, identifying key issues or difficulties during this stage. Clearly, a key to successful projects lies in the choice of concept. This paper presents some findings from the work of the Concept research programme on front-end management and governance of major public investment projects in Norway. It is based on studies that explore strengths and weaknesses in the processes of analysis and decision-making during the early phase before the final choice of conceptual solution is made, and the extent to which projects under study are (or are likely to be) relevant and effective in relation to needs and priorities in society. It concludes that there are frequent deficiencies in these processes, and that the potential for improvements is huge.

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*Keywords:* Project governance; Front end management; Paradoxes

## 1. Introduction

A large and increasing share of the activities taking place in private as well as the public sector is organised as projects. In private sector projects, the ultimate goal is to improve the company's profitability, either directly or indirectly, through improvements in its competitiveness. In public projects, the commissioner is the government, representing the entire society and its taxpayers. In such cases, the benefits of the project must be considered in a broader societal perspective, to ensure that the project provides value for money and contributes to the desired development.

There are many challenges facing public investment projects that must be overcome to achieve project success, such as lack of competence among planners, avoidance of hidden agendas during planning, underestimation of costs and overestimation of benefits, unrealistic and inconsistent assumptions, and how to secure essential planning data and adequate contract regimes. Many of these problems can be interpreted in terms of deficiencies in the analytical or political processes preceding the final decision to go ahead. Hence, the importance of the front-end decision-making phase must be recognized to strengthen project governance.

The term governance is derived from the Latin word *gubernare*, meaning 'to steer'. It refers to the administrative and process-oriented elements of governing, whether undertaken by a government, market, or network, whether over a family, tribe, formal or informal organization, or territory, and whether

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through laws, norms, power, or language (Bevir, 2013). Governance is about processes of rule more than institutions of government. It relates to processes and decisions that seek to define actions, grant power, and verify performance. Different instruments are available to improve governance, ranging from legally binding regulations, to economic and other types of incentives, as well as information and skill development. The challenge in governance is to identify the optimal mix of different instruments.

Project governance refers to the processes, systems, and regulations that the financing party must have in place to ensure that projects are successful. This would typically include a regulatory framework to ensure adequate quality at entry, compliance with agreed objectives, management and resolution of issues that may arise during the project, and standards for quality review of key appraisal documents (Samsset and Volden, forthcoming). These processes and regulations can often be described in terms of stage-gate phase models.

Project management refers to the processes established to organize and manage resources required to complete a project within defined scope, quality, time, and cost constraints. Whereas the literature on project management is substantial, project governance has only recently become an issue of importance in the project management community (e.g. Müller, 2009).

Peter Morris (1994) brought to our attention that in the early years, project management had an extremely narrow focus, reflected only in the project life cycle, and ignoring the critical front-end. He noted that as long as we only focus on the life cycle itself, we are missing the critical front-end and institutional elements (shown in his Management of Projects paradigm) that more accurately typify the responsibilities of the project owner and the project manager.

## 2. The present study

In the year 2000, the Norwegian Ministry of Finance introduced a governance regime for the country's largest public investment projects, the so-called Quality Assurance (QA) regime, in terms of a mandatory quality-at-entry scheme to meet such challenges. It is a simple stage-gate process with a top-down review of the quality of project proposals, which are

typically the result of bottom-up processes of analysis and decision making in society. The Norwegian QA scheme includes two external reviews in the front-end: Quality Assurance of the conceptual solution (QA1) before Cabinet decision whether to start a pre-project, and Quality Assurance of the cost and steering frames (QA2) before the project is submitted to Parliament for approval and funding (see Fig. 1).

In parallel to the QA regime, the Norwegian University of Science and Technology in year 2002 initiated the so-called Concept research programme, designed to focus on the front-end management of major public projects. The governance scheme clearly would be a unique laboratory for research on longitudinal data. It has allowed researchers to follow the largest public projects in Norway since 2002. The Concept programme works to develop the research frontier in the area of project governance. This is undoubtedly an interdisciplinary field, and the programme has conducted separate studies in areas such as public management, project management, portfolio management, economic analysis, planning, decision-making, risk analysis, contract management, the theory of incentives, applied logic, and judgmental assessment.

The idea was to broaden the perspective on projects. To quote Morris (2009:60), “effective management of projects is more than just execution-oriented project management. Projects are undertaken to create value and deliver benefits. Shaping the interaction between the sponsor's goals and the way the project (or programme) is to be developed, in the best way possible, absolutely crucial — probably one of the most important aspects of managing a project”.

This understanding is an underlying motivator of our research. However, the approach has been inductive rather than deductive. It has been more of a probe into new areas than a process guided by precisely formulated and theoretically founded problems. The perspective has been on projects as means to create value and deliver benefits. Some studies had a focus on decisions, others on analysis, but all of them were meant to provide insight into what is here termed project governance.

Miller and Lessard (2000) contended that the front-end phase from inception and until the budget is approved by Parliament takes 6–7 years on average in major public investment projects. This is also the case in Norway. The

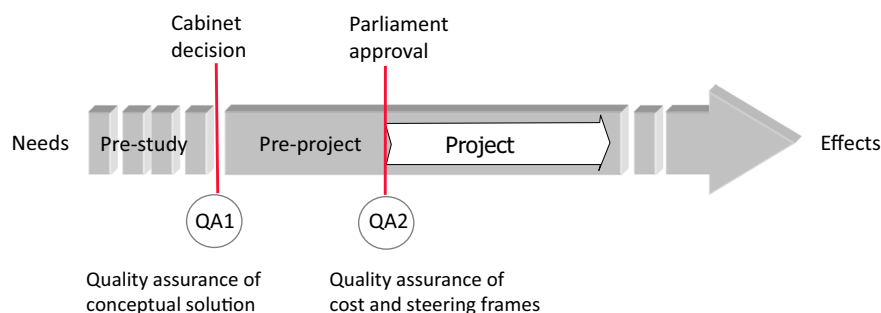


Fig. 1. The Norwegian Quality Assurance regime, a stage-gate phase model with two external reviews in the front-end of major public projects. Source: Norwegian Ministry of Finance.

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