

Association for Project Management (APM) Governance SIG - Comments on IIRC report into Integrated Reporting

Summary

- A well-presented document with clear objective and good benefits highlighted
- However no specific mention of “projects”, “Project Management”, “change” – we have to assume this to be covered under “Performance” or “Strategy Implementation” rather than being overlooked
- Doesn’t differentiate “performance” between Business As Usual (bau) and investment projects / transformational change. Strategy formulation is mentioned but not much about implementation – implementation and assurance is a key part of governance
- Most organisations do not understand the impact / benefits of their investment in change – and history has shown implementation to be poor. The governance body (Board of Directors or equivalent) should understand this and be able to make changes in direction as necessary with a full awareness of impact. The document could link more clearly to / differentiate performance of:
 - Organisations with major capital spend where performance of business is driven by investment strategy / successful implementation, e.g. Water Companies in UK
 - Organisations with major transformation change investment
- APM’s Specific Interest Group (SIG) on Governance would welcome involvement in the development of the topic and Directing Change publication should be referenced – see covering letter. We would welcome the opportunity to present to the committee / contribute to regional roundtables / webinars.

Detailed Observations

- P2 – mention the continuing “failure” of major projects / investment / transformational change / acquisitions to deliver the intended strategic benefits / performance (thus eroding shareholder value) and sometimes causing reputational risk to increase
- P4 – emphasise need to deliver success / better value from investments in change – be it capital infrastructure, transformational changes, etc. As part of the value creating chain
- P4 – “the world has changed” – should also emphasise that attitudes to project failure are hardening. You should link to APM ambition to reduce project failures and its new vision statement that by 2020 “all projects succeed”
- P5 – “resource allocation” – should differentiate between bau and change / projects
- P5 – “human capital” should mention capability / maturity to implement projects / change (part of governance of the management of projects)
- P6 – “value creation process” – should differentiate between bau and change / projects
- P7 – include reference to APM Directing Change publication

- P7 – diagram at bottom of page – we assume that “Strategy Implementation” is covered either under governance and remuneration or management commentary
- P11 - “human capital” should mention capability / maturity to implement projects / change (part of governance of the management of projects)
- P12 – in diagram “performance” – should differentiate between bau and change / projects / strategy implementation
- P13 – somewhere there needs to be mention of historical performance re: achieving strategic objectives / change – both under “Strategic focus” and “Connectivity of information”. Under “Future orientation” the analyses should include investment / change portfolio efficiency and effectiveness
- P15 – “governance” needs to include:
 - Overview of portfolio management process and skill set at executive level to properly oversee the dynamic portfolio of investment / change
 - Skills set to properly sponsor projects / change
 - Actions taken to ensure that the portfolio of change is the most advantageous – the right portfolio
- P15 – “performance” needs to:
 - differentiate between bau and change / projects / strategy implementation. Also some mention of the maturity of Management by Project (e.g. similar to CMMI score) as a measure of how well change is implemented in the organisation
- P15 – “Future Outlook” needs to:
 - mention the maturity of Management by Project / capability (e.g. similar to CMMI score) as a measure of how well change is likely to be implemented in the organisation
- p17 onwards – the examples given do not reflect on:
 - governance of PM maturity
 - Linkage between the changes / projects delivered and the impact / outcomes / benefits actually delivered, i.e. Portfolio efficiency / effectiveness

Answers to specific Consultation Questions

1a – yes. Project / change performance is about value creation and is mainly ignored

1b – yes - consistency is good

2 – yes as long as projects are within it

3 – yes

4a – Undecided – maybe focus on smaller companies will be easier to implement?

4b – yes

5 – yes. All about reporting on value creation and risks

6 – yes. Particularly related to human capital / capability / maturity

7 – yes, if our comments on projects / change are incorporated

8 - yes, if our comments on projects / change are incorporated

9a – yes

9b – yes plus project ones above

9c – not sure

10a – yes

10b – see above regarding governance of management of projects

11 - the impact on those "at the coal face" who will have to produce all this integrated information should be considered because they will need appropriate resource in terms of time and improved equipment to produce something that is significantly different and more wide ranging from what they produce quite mechanically, with an almost purely compliance orientation. We note that the need for "establishing and strengthening information systems" suitable for IR is mentioned on p.21 and that "Education" and "capacity building" to cope with IR is mentioned on p. 24. We are also concerned about the dangers to the integrity and reliability of information that could occur as a result of IR being, as it is described on p. 9, significantly "technology enabled" rather than paper-based, but again, that issue could be taken care of by means of "strengthening of information systems" and training the "human capital" by "education" and "capacity building". Also, these issues are at a different level of granularity than the top level enquiry that is initiating this work.