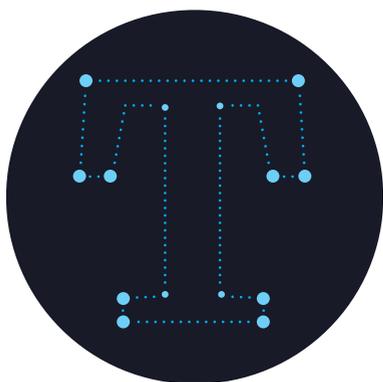




This Is the Governance You're Looking For

By Jeff Hancock and Fara Levine

Just as the Jedi Council oversaw priorities for the Jedi Order, your organization needs a governance structure to set roles, responsibilities, and decision-making processes.



The Business Dictionary defines governance as the “establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members (with the associated accountability), and their primary duty of enhancing the prosperity and viability of the organization.”

Without governance, large inefficiencies and confusion across the enterprise would be likely.

Governance can look very different across companies and industries, depending on its originators. With all the potential for governance to come in different flavors, one is left to ask: What does governance really mean? What does it look like?

If you lived in the world of Star Wars, governance for you would likely have been the Jedi Council, which was an organized body of Jedis, typically masters, serving the Jedi Order as an administrative and ruling body that governed the Order’s academies, temples, and organizations—including the Jedi Service Corps.

As the authority for all matters relating to the Jedi, the role of the Jedi Council was to review all requests for membership, evaluate available information, make decisions, and cascade priorities and tasks to the individual Jedis across the galaxy.

Their function, not very different from that of corporate governance, is necessary to set strategic direction and provide the framework in which it is implemented.

Those of us mere mortals limited to life experiences in the 21st century can likely remember recent headlines about companies in which inadequate governance—a lack of accountability, controls, and clear decision-making—led to company bankruptcies and catastrophes.

For a moment, let’s consider some broader questions: What is the right governance structure for your Order (or company)? Is there a different or better structure that would have supported the Star Wars universe better, providing improved oversight, risk assessment, and decision-making?

Let’s think about the important features of a governance structure and the more common and frequently experienced effects of an insufficient or ineffective governance framework.

While we must admit the Jedi Council had its faults (an entire Clone Army was created during the Jedi Council’s watch!), imagine the Star Wars universe with no Council at all. Or suppose its structure were different. What issues might have arisen if the Jedi Council did not exist, or if the Council consisted of fewer than 12 Jedi Masters? Would they still have been able to oversee and govern the Order? Would the structure of power and decision-making look different?

To this same end, when a governance structure is defined and implemented within an organization, business unit, or corporation, the governance function and framework

must be defined. Leaders must clearly articulate the roles and responsibilities of all governance members. They must establish an ethical and responsible decision-making process. Who has power? What internal checks and balances exist? What is their role in defining and executing the corporate strategy—at a holistic portfolio level or the team or project level?

Governance is both a mechanism for ensuring internal controls, creating value, and protecting shareholder and stakeholders alike. The governance structure provides a channel to define company objectives and oversee the methods used to attain those objectives, while monitoring performance.

Sounds straightforward, right? Define, design, and implement—what could go wrong? Unfortunately, even the best governance structure does not guarantee success if organizations fail to deliver an appropriate governance framework for their environment. While it has been shown that bad governance can ruin a company, unfortunately a good governance structure, one that may work elsewhere, cannot ensure success.

Governance is about balance. While it is necessary, you must think about how the role of governance can hurt, rather than help, your company’s strategy execution. Sound governance principles call for risk management practices. Suppose your governance framework creates an environment that is too risk averse? You risk impeding progress and innovation. How do you align the right level of oversight with the level of complexity in the organization and required execution?

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We know governance alone does not guarantee success. The organization will more efficiently achieve its desired organizational objectives when functions, internal controls, and its ability to successfully execute on a strategy is clear and when it has the agility to respond to changing market conditions. That happens when the organization is partnered with an appropriate governance framework and well-defined governance board.

Across our clients, Jabian has seen organizations where governance works well and those which face challenges. One client originally accepted new work from more than 10 different portals. The client had almost as many different decision-makers and criteria in place to determine which initiatives aligned with its corporate strategy. Governance was positioned as the glue

that makes key operational decisions for the organization. Governance supports better decision-making by addressing key questions such as “what,” “why,” and “impact.”

We helped the client identify the appropriate senior business and IT leaders to serve on the corporate governance board. Jabian created clear role descriptions so leaders could consistently evaluate whether new project requests aligned with company goals—and prioritize them accordingly.

Recognizing that one size does not fit all, we developed a “fast track” approach to handle smaller items or those for which regulatory requirements demanded action. Equally important to providing a mechanism for leaders to say yes to new requests was providing a structure for them to

say no as well. Previously, decisions about initiatives were made only by leadership within one team. Our governance framework enabled the process to be more judicious.

Jabian helped the client develop a governance roadmap that captured our recommendations for the phased rollout of a governance structure across the remainder of the company. The roadmap included the evolution of tools and training, as well as targets for when a department should be folded in.

Regardless of your frame of reference, these Star Wars analogies provide a peek into the foundational elements of governance—including oversight, controls, strategic direction, and executive decision-making. Governance is an important structure, regardless of the size of the program, portfolio, organization, or corporation. While circumstances will test even the strongest governance model, a clearly defined and collaborative structure—executed effectively—can prevent disasters.

Remember, just as the Jedi Council was established to oversee and govern the Order, your governance council will set the course for your organization. ●

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