Everybody Talks About It. Few Understand it.
I have invested all of my self-esteem in this PowerPoint presentation.

It is all that I am and all that I will be. It is a digital reckoning of my value.

Did they catch the chimp who made your slides?

Ow. Ow. Ow.
About the Speaker

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- 11 years as a SharePoint Server MVP
- Author on 14 books (whew!)
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Who is Mindsharp?

Best Practices

Training

Industry Leadership

Conferences
What is Minnesota Known For?
July 6-12...
Let’s Define Governance

Dilbert is a great place to start!

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**Cartoon Texts:**

**First Panel:** WE WON A HUGE GOVERNMENT CONTRACT.

**Second Panel:** NOW WE NEED TO FOLLOW ALL OF OUR COMPANY POLICIES PLUS EVERY GOVERNMENT PROCUREMENT RULE.

**Third Panel:** I FEEL LIKE I'M BEING SMOTHERED BY A DAMP MATTRESS!

**Fourth Panel:** THAT'S WHAT VICTORY FEELS LIKE!
What is “Governance”?  

Literature Review

“the allocation of power among the board, management, and shareholders”

“We define corporate governance as the collection of control mechanisms that an organization adopts to prevent or dissuade potentially self-interested managers from engaging in activities detrimental to the welfare of shareholders and stakeholders”
What is “Governance”?

“Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. So...corporate governance is relational...a means of monitoring performance toward defined objectives...”

- Organization for Economic Cooperation and Development
What is Governance?

“the system by which companies are directed and controlled"
- Cadbury Committee, 1992

“the framework by which the various stake-holder interests are balanced”
- Applied Corporate Governance

“The relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders“
- International Finance Corporation, World Bank Group
What you mean by the word “Governance” and what senior corporate leadership means are two different things. Most of what the SharePoint community calls “Governance” should rightly be called “Management”.

**THESIS #1**
What are the Common Themes in these definitions?
Common Themes

- Allocation of power
- Control mechanisms
- Set of relationships
- Context of attaining specific goals
- Balance competing interests between interested groups
Comparisons

Common Themes...

- Allocation of power
- Control mechanisms
- Set of relationships
- Context of attaining specific goals
- Balance competing interests between interested groups

...Translate into:

- Enforcement & administrative functions
- Surface collaboration relationships
- Everyone must be working toward the same goals
- Self interest is balanced with global interests
It might seem obvious....but....let’s humor ourselves....

Why Do We Need Governance?
Agency Costs & SharePoint

**Agency Costs**
- separation exists between the ownership of a company and its management
- self-interested executives have the opportunity to take actions that benefit themselves, with shareholders and stakeholders bearing the cost of these actions.

**SharePoint**
- Separation exists between ownership of information and process and the management of the information & process
- Self-interested users manage information & process to benefit themselves to the detriment of the company
Governance, Risk & Compliance
Governance Bridges Risk and Compliance

**Risk**
- Self-interested behavior that injures the company
- Lack of regulatory compliance
- Lack of e-discovery preparedness
- Lack of information architecture, design or process
- Lack of putability & findability tools

**Compliance**
- Enforce compliance with governance standards
- Enforce industry & government regulations
- Build out e-discovery process and policies
- Build out information architecture, design and process
Who is affected by poor GRC?

- Shareholders
- Employees
- Management
- Vendors
- Contractors
- Partners
- Community
- Creditors
- Customer

Not everyone’s interest is the same – Good GRC balances competing interests
Governance must be connected to risk and compliance

- **Risk**: What is the risk if certain actions are taken or not taken?
- **Compliance**: What do we need to do to ensure right actions are taken?
- **Governance**: Set of policies, process and procedures to ensure recommended actions are followed
Most governance implementations that fail are due to a lack of identified risk factors and compliance demands
Business Model Dysfunction

I'm supposed to shut down our Elbonian mud delivery business.

But I'm a highly trained engineer so I will analyze their business model and fix it.

They deliver mud to people who live in mud.

You have my attention.
Business Model

- The business model specifies how management expects to create long-term value for the company stakeholders.
- It is the board’s responsibility to test and evaluate the business model.
What Happens When?

- Lack of Core Values?
  - Standards of conduct are not enforced
  - Culture of accountability will be missing

- Lack of long-term vision?
  - Short-term plans change more easily
  - Short-term plans are disconnected from each other
  - People process lacks definition of the type of leaders the company will need
What Happens When?

- Short-term mission plan is missing or inadequately communicated or explained?
  - Departments reinterpret strategic plan in their own terms
  - Lack of non-financial metrics
  - Lack of quality performance appraisals – if they are done at all
  - ADD Leadership
SharePoint May Surface Gaps

- Turf issues between IT teams may be an indication of a lack of cohesion in either short- or long-term plans
- Disconnected point solutions may indicate lack of common goals at multiple layers in the organization
- Lack of CEO support may be normal or not
SharePoint is a Business Operations Platform. Due to SharePoint’s high visibility, “touch and feel”, an implementation of this product will surface gaps in the organization’s business model and/or culture, but the problems surfaced will be seen as technology problems, not business problems.
Corporate governance is now an established investment criterion:

How does corporate governance affect your investment decision?

“Our investment group would never approve an investment in a company with bad governance”

U.S. investment manager, USD 20 billion private equity fund

"Good governance" is a qualitative cut-off criterion"

– Analyst, USD 62 bn, European Asset Manager

“I simply would not buy a company with poor corporate governance"

– CFO, USD 3 bn, European Private Bank

MAYBE WE COULD FORM A VISION STATEMENT OF OUR CONCEPTS FOR REQUIREMENTS.

OR MAYBE WE CAN BOUND OUR STRAW-MAN BY THE MISSION-CRITICAL FUNCTIONS OF OUR QUALITY VECTOR!

YOU'RE SHAMELESS.

THERE'S A FINE LINE BETWEEN PARTICIPATION AND MOCKERY.
Resources

- http://www.nacdonline.org/index.cfm
- http://blog.nacdonline.org/category/corporate-governance/
- www.ifc.org
- www.applied-corporate-governance.com
- http://www.issgovernance.com/
- http://www.mckinsey.com/
QUESTIONS