
Commitment Governance

The Determination Layer for Material Enterprise Commitments

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Executive Summary

THE PROBLEM

Material commitments create enterprise reliance on intended outcomes. Without a governed basis for determination, organizations must infer whether those outcomes have actually been achieved.

WHAT COMMITMENT GOVERNANCE ADDS

Commitment Governance establishes the Target State as the governed object and defines the rules and evidence required to determine whether it is sufficiently defined, achievable, achieved, and durable.

WHERE IT MATTERS

- Boards and board committees
- Executive sponsors and transformation leadership
- Business, operations, and technology leaders
- Internal Audit and assurance functions

WHY IT MATTERS

Material decisions require evidence-based determination of operating reality. Interpretation alone is not sufficient.

Commitment Governance closes the gap between execution visibility and the governed basis required for justified reliance.

WHAT LEADERS SHOULD DO

- Define or progressively formalize the Target State as early as possible and before reliance materially deepens
- Determine achievability continuously, not retrospectively
- Separate delivery visibility from Target State determination

Commitment Governance is a rigorous determination capability that provides an objective basis for enterprise reliance.

Introduction

When organizations authorize material enterprise commitments, they begin to rely on intended outcomes. Capital allocation, risk posture, operating direction, and subsequent decisions begin to align around the assumption that those outcomes will be realized.

Commitment Governance provides boards, executives, and governing authorities a governed basis to make difficult decisions with more confidence and justification.

Enterprise governance evolved around execution oversight, financial stewardship, risk management, and assurance review. Material commitments create a different problem: leadership begins making consequential decisions on the assumption that an intended future operating condition will be established. Yet no standard enterprise function was designed to determine that condition objectively, and no standard governed object exists against which to evaluate it.

The most consequential oversight question is whether the intended outcome has actually been achieved.

This paper introduces Commitment Governance as the discipline required to make that determination objective and governable. It defines the intended operating condition in a form that can be evaluated directly under defined rules and evidence.

Scope of Commitment Governance

Commitment Governance applies to material enterprise commitments whose intended outcomes carry significant reliance implications. These may include major transformations, cross-functional initiatives, remediation programs, and other change efforts affecting capital allocation, risk posture, control environment, regulatory exposure, operating model, or continued oversight.

It can be applied at authorization, during execution, or in remediation, including where commitments are already underway. It does not replace delivery oversight, project reporting, accountability structures, or assurance activity. Its role is narrower: to provide a governed basis for determining whether the intended outcome is sufficiently defined, remains achievable, has been achieved, and can be treated as durable.

The Missing Determination Layer

As material commitments move into execution, intended outcomes are translated across plans, architecture choices, funding lines, local delivery structures, and reporting artifacts. Senior oversight therefore receives an assembled picture drawn from many different sources, each governed, maintained, and interpreted within its own execution context.

That fragmentation alone makes outcome judgment difficult. The challenge intensifies further as conditions shift during execution. Assumptions change, local adaptations emerge, and the surrounding operating environment continues to change.

Commitment Governance

Organizations may have substantial visibility into work performed while the intended enterprise outcome remains only partially specified, differently understood across the execution environment, and progressively harder to evaluate directly.

Progress can be visible while outcome reality remains uncertain.

Enterprise reporting provides useful visibility into progress, activity, and emerging issues. But outcome status is still assembled from fragmented inputs rather than determined directly against a governed object.

Target State as the Governed Object

The missing enterprise determination layer is filled by establishing a governed object against which outcome status can be evaluated directly. In Commitment Governance, that object is the Target State. It provides the basis for determining whether the intended operating condition is defined, achievable, achieved, and durable.

A material commitment must be translated into a governed Target State that supports objective determination. It must define the intended operating condition with enough precision to support direct evaluation and must capture only those conditions and evidentiary requirements that materially bear on whether the intended condition exists in practice. The discipline lies in identifying what is consequential to determination and excluding what is not.

The Target State defines what must be true and what evidence proves it.

The issue is not simply subjective versus objective judgment. It is the difference between interpretive oversight and determination against a governed object under defined rules and evidence. Without a governed Target State, outcome status remains interpretive. With one, enterprise reliance gains a governed basis for objective determination.

EXHIBIT 1

Interpretive Oversight vs. Objective Determination

WITHOUT COMMITMENT GOVERNANCE / WITH COMMITMENT GOVERNANCE

Interpretive Oversight vs. Objective Determination

WITHOUT COMMITMENT GOVERNANCE <i>Directional Commitment</i>	WITH COMMITMENT GOVERNANCE
 Intended outcome remains underdefined	 Governed Object Target State is defined
 Oversight depends on reporting and interpretation	 Rules and Definitions Determination criteria are established
 Outcome status cannot be determined directly	 Determination Status is evaluated objectively Formal outputs are produced

Commitment Governance Authority

Where enterprise reliance is material, governing bodies require a function capable of determining Target State status under defined rules and evidence.

Commitment Governance should be a formally constituted authority or designated function whose purpose is to provide a governed basis for board and executive reliance on material enterprise commitments.

Commitment Governance is independent of delivery ownership, program sponsorship, and management structures responsible for designing, funding, executing, or representing the commitment. It holds standing rights to define determination criteria, require relevant evidence, evaluate Target State status, issue formal determinations, disclose material evidentiary limitations, and escalate matters affecting justified enterprise reliance.

Its mandate is distinct from management, which remains responsible for execution, remediation, and production of evidence, and distinct from assurance functions, which may assess the integrity of the governance process and challenge management representations.

Determinations give boards, executives, and other oversight bodies a governed basis to continue, narrow, reset, or stand down the commitment and to connect those outcomes to escalation, approval, funding, and other governance rights.

Core Determination Artifacts

Commitment Governance relies on four core artifacts:

- The authorized Commitment
- The defined Target State
- Any conditions, criteria, or thresholds used in determination
- The evidence set used for evaluation

Together, these artifacts support formal determinations and create an auditable system of record preserving Target State status, supporting evidence, formal determinations, and the history of changes affecting enterprise reliance. Target State status is reported with its disclosed basis. A determination should therefore include the material conditions, evidence, supporting signals, contradictory signals, and observed drift on which the current classification rests, so that oversight bodies can inspect the basis for reliance directly.

Determination Classifications

Each determination classifies the Target State across four dimensions based on the evidence available at the time of determination. Together, these dimensions define the formal outputs of the discipline.

Commitment Governance enables oversight bodies to act on the Target State classification. Determination gives boards, executives, and governing authorities a governed basis to decide whether continued commitment remains justified, corrective action is required, oversight can be reduced, program closure is appropriate, or the commitment requires formal modification, supersession, or retirement. This makes difficult governance decisions more justifiable and more defensible.

EXHIBIT 2

A Governed Target State Makes Status Determinable

Determination Classifications	Governing Question	Governance Response
Defined / Undefined	Is the Target State specified with sufficient clarity to support objective determination?	Proceed to determination / Require definition before further reliance
Achievable / Not Achievable	Do current internal and external conditions continue to support establishment of the Target State in practice?	Continue / Narrow, reset, reauthorize, or stand down
Achieved / Not Achieved	Is the Target State observable in operating reality and supported by evidence?	Consider transition and durability review / Withhold closure and remediate
Durable / Not Durable	Can the achieved condition support sustained reliance, or does it depend on continued intervention?	Stand down oversight / Maintain oversight and stabilize

Each classification has corresponding governance implications. A Target State that is undefined requires further definition before objective determination can proceed. A Target State that is not achievable may require narrowing, reset, or stand-down. A Target State that is not achieved requires continued execution or remediation. A Target State that is not durable requires renewed governance attention before reliance can safely continue.

Achievability depends not only on execution progress, but on the continued validity of the internal and external conditions on which the intended outcome relies, including material market, regulatory, dependency, and business-model assumptions.

In practice, Commitment Governance may issue determinations on a regular governance cadence and at defined trigger points, including material design changes, funding decisions, scope changes, control failures, major dependency shifts, or claims of achievement. When governing bodies stand down from oversight, they should do so on the same governed basis used to determine Target State status.

After achievement, continued determinations provide transparency into whether the achieved state is holding and whether any material condition or evidence drift is emerging. Oversight bodies determine the observation period and governance basis required before oversight can stand down and the Target State can be treated as durable.

The Four Core Questions of Determination

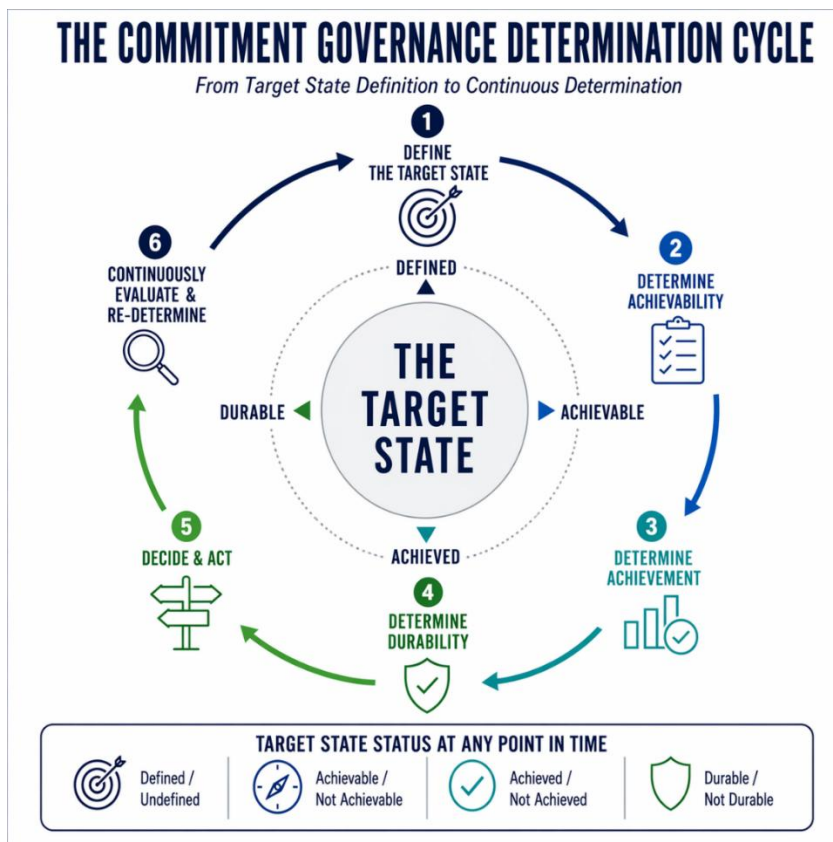
Once the Target State is established as the object of governance, enterprise determination centers on four questions. Boards and executives already ask them, yet in many organizations no existing function is designed to answer them directly against a governed object with defined criteria, an evidence model, and the independence required for formal determination.

1. What is the intended Target State?
2. Is the Target State still achievable?
3. Has the Target State been achieved?
4. Is the achieved Target State durable?

PMOs, Transformation Offices, Architecture, Risk, Finance, and Assurance functions each contribute important inputs to these questions. Commitment Governance provides the structured determination cycle required to answer them directly.

EXHIBIT 3

The Commitment Governance Determination Cycle



The cycle establishes a governed process through which Target State status is continuously evaluated and maintained. Enterprise decisions, resource allocation, and oversight posture can then be grounded in that status.

Execution Reporting Does Not Determine Target State Status

Execution reporting operates at the level of work. Dashboards, KPIs, financial variance reports, and risk indicators provide valuable signals for executive oversight, but they do not establish whether the Target State exists in practice.

Until organizations can answer the core questions of determination, they are managing momentum rather than outcome reality.

Commitment Governance focuses attention on what is consequential to determination and leaves all other execution detail to execution management. Resource constraints, schedule variance, milestone traffic, dependency status, routine reporting, and generic RAID items remain within execution management unless they materially affect determination.

Even where execution reporting is strong, commitments remain distributed across multiple programs and operating domains, requiring oversight to infer outcome status from an aggregation of valid but partial views. Commitment Governance removes that burden by establishing a single governed basis for determining Target State status. Execution reporting may continue for management and oversight purposes, but it no longer serves as the basis for determining outcome reality.

From Commitment Statement to Target State

The following comparison shows the structural difference between a typical authorization statement and a defined Target State capable of objective determination:

“Implement an industry-standard supply chain planning platform to modernize inventory management and improve resilience across the distribution network.”

A governed Target State defines the future operating condition in observable terms:

“All inventory forecasting, replenishment, and supplier allocation decisions are executed exclusively through a centralized planning platform that serves as the single system of record across distribution centers, replaces local spreadsheet-based planning, applies standardized allocation logic across regions, and eliminates legacy forecasting tools.”

This formulation defines the operating condition in terms that support direct evaluation and objective determination.

Determination also requires clear failure conditions. If any in-scope forecasting, replenishment, or supplier allocation decision continues through local spreadsheets, offline tools, or legacy forecasting systems, the Target State has not been achieved. Where the commitment includes defined service, cost, or resiliency thresholds that form part of the determination basis, those requirements must also be satisfied before the authority classifies the Target State as achieved.

EXHIBIT 4

Illustrative Determination Example

Material Commitment	The enterprise authorizes a supply chain modernization program intended to centralize inventory forecasting, replenishment, and supplier allocation across the distribution network in support of resilience, consistency, and operating efficiency.
Defined Target State	<i>All inventory forecasting, replenishment, and supplier allocation decisions are executed exclusively through a centralized planning platform serving as the single system of record across distribution centers, with local spreadsheet-based planning and legacy forecasting tools eliminated.</i>
Determination Evidence	<ul style="list-style-type: none"> • Platform activity and production configuration records across in-scope distribution centers • Legacy tool, spreadsheet, and exception-handling usage records • Supplier allocation decision logs and records evidencing application of standardized allocation logic • Management attestations and supporting service, cost, or resiliency reports
Determination Classifications	<ul style="list-style-type: none"> • Defined; Achievable; Not Achieved
Enterprise Decision	Leadership withholds closure and escalates remaining deviations for remediation.

Here, the Target State is defined and remains achievable, but it has not been achieved. Two distribution centers continue to execute replenishment through local spreadsheets, one region continues to use legacy supplier allocation logic for exception handling, and a legacy forecasting tool remains active for monthly planning. These conditions disprove achievement of the Target State as defined and illustrate why continuous determination is required.

Governance Implications

Material commitments are rarely one-time events. They often create years of operating expense, control obligations, and performance expectations. Where those commitments carry continuing P&L consequences and fiduciary reliance, interpretive assessment is not a sufficient basis for judgment. A governed Target State provides that basis.

A governed Target State gives the enterprise a common reference point for commitments pursued through fragmented plans, drifting requirements, and uneven execution. It anchors supporting plans and execution domains to the intended operating condition and increases the likelihood that execution converges on the outcome the enterprise intends to establish.

As material commitments carry greater performance and risk consequences, boards, executives, and assurance functions need a governed basis for answering whether the outcome has actually been achieved and whether oversight can safely stand down. Delivery evidence alone cannot resolve those questions.

As conditions change during execution, Commitment Governance maintains the governed basis for Target State determination, incorporating conditions material to achievability and outcome realization.

Commitment Governance occupies the determination layer for material commitments. The following distinctions clarify its relationship to adjacent functions.

EXHIBIT 5

Commitment Governance Occupies the Determination Layer

Function	Primary role in relation to material commitments
Boards, Steering Bodies	Authorize, challenge, and decide on reliance, funding, and oversight posture
PMO, Transformation Office	Govern execution, sequencing, dependencies, and delivery risk
Architecture, Operating Model	Define intended future structures, process designs, and system states
Risk, Controls, and Finance	Govern exposure, controls, thresholds, and economic performance
Internal Audit, Assurance	Independently assess evidence and challenge management claims
Commitment Governance	Determines whether the Target State is defined, achievable, achieved, and durable

Conclusion

Material enterprise commitments create sustained reliance, operating consequences, and continuing expense. Where those commitments affect capital allocation, risk posture, oversight decisions, regulatory posture, or the P&L, justified reliance requires a governed basis for determination. Commitment Governance provides that basis by establishing the Target State as the governed object and determining whether it is defined, achievable, achieved, and durable under defined rules and evidence.

The discipline is intentionally practical. It governs reliance rather than every decision, applies selectively to material enterprise commitments, and produces determinations without displacing management authority. Decision-makers remain responsible for action, but they act with a governed determination of commitment status before them.

Reliance without determination is assumption. Commitment Governance closes that gap.