Institute for the Study of Public Policy Implementation
Leadership Forum

Summary of Proceedings
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SUMMARY

COMPLEX INFORMATION TECHNOLOGY PROJECTS REQUIRE EXCELLENT PROJECT MANAGEMENT
Failures rarely the result from lack of technical competence

Washington, DC [August 4, 2004] Agency leaders decided that complex information technology projects require, among other things, a well-trained project manager in order to increase the success. This conclusion came during an Institute for the Study of Public Policy Implementation Leadership Forum meeting held August 3, 2004.

“Seventy percent of government technology projects are not delivered on time or on budget,” said ISPPI Director Robert M. Tobias. “There are numerous reasons for these failures, including a failure to create a structure that supports the project; failure to create the needed relationships with Congress, employees, and contractors; and failure to define roles and responsibilities.”

Among the reasons for the failures Leadership Forum participants identified the lack of a trained project manager, failure of business leaders to support the project, the lack of training, and the lack of clarifying roles during contracting.

Mark Vallaster, a partner with Accenture Federal Client Group, made a presentation about what attributes Accenture uses to describe an excellent information technology client. These attributes include being passionate, outcome oriented, and innovative and flexible.

Todd Grams, chief information officer at the Internal Revenue Service (IRS), gave participants an update on the progress of the IRS modernization project. He also offered his advice to those undertaking information technology projects: “Don’t bite off more than you can chew and get the right people in the right jobs,” Grams said.
**Introduction and Discussion by ISPPI Director Robert M. Tobias**

“What role do agency business leaders play in your information technology efforts? Is it effective? Why or why not?”

**Introduction:**
Institute for the Study of Public Policy Implement (ISPPI) Director Robert M. Tobias opened the meeting with a brief overview of the mission and goals of ISPPI, followed by a discussion of the role agency business leaders play in your information technology (IT) efforts.

Leadership Forum participants agreed that their agency leaders were not doing a good job leading IT efforts. Participants identified a number of reasons why so many government IT efforts fail. These reasons include:

- project managers with technical expertise but not project management expertise
- lack of project management at the agency level
- lack of support from business leaders
- lack of specificity in terms of what the project is supposed to accomplish
- failure to clarify roles during the contracting process
- failure on the part of business leaders to provide an overall strategy for the organization
- failure to keep the IT accountable
- failure to manage expectations
- failure to incorporate change management into projects
- a focus on short-term rather than long-term results.

“Seventy percent of government technology projects are not delivered on time or on budget,” said Robert Tobias, director, ISPPI. “These failures are rarely due to a lack of technical competence.” Tobias cited a number of reasons for these failures, including:

- a failure to define roles and expectations
- a lack of a working governing structure for the project
- a failure to create relationships with Congress, employee, and other stakeholders
- lack of accountability for project results.

So, with this knowledge, what actions can business leaders take to reduce the risk of failure and increase the chances for the success of IT projects?
Presentation by Mark Vallaster  
Partner, Accenture Federal Client Group

When Accenture is deciding whether or not to bid on a government IT project, it considers numerous factors. Among those factors is the type of client that is seeking Accenture’s expertise. Accenture defines an excellent client as one who is committed to “achieving outcomes that matter in a cost-effective way while continuously innovating and improving,” Vallaster said.

Accenture has defined the attribute of what it considers an excellent client. While not all clients have every attribute, Accenture believes that the more attributes the client has, the more likely the project will be a success. Those attributes are

- citizen centered
- outcome oriented
- accountable
- innovative and flexible
- open and collaborative
- passionate.

Vallaster noted that in order for passion to be present, all of the other attributes need to be in place. He also noted that passion is created at the top by those who are in charge of the organization and/or project. When Accenture takes on a client that does not have all these attributes, its consultants work to model the behaviors reflective of attributes.

Vallaster also provided information on the things that Accenture sees excellent clients do well. These are

- performance management
- partnering
- human capital management
- stakeholder management
- information management
- procurement and logistics.

“The one thing that really sets excellent clients apart from others is a focus on human capital management; getting the right people on the project and preparing employees for the results of the project,” Vallaster said. “This is integral to success.”

Vallaster said that excellent clients also understand and manage their stakeholders. First, they understand who their stakeholders are, which can include citizens, employees, taxpayers, customers/beneficiaries, oversight authorities, and partners. Second, they determine and constantly track needs, expectations, and perceptions regarding agency services and performance. And, excellent clients translate stakeholder’s expectations into target outcomes, which are the specific products and services and performance levels that an agency must deliver to produce value.

Excellent clients continually improve their operations by developing processes and operations that are mission driven, integrated, standardized, flexible, and enabled by technology. In terms of operations capability, excellent clients

- identify the key organizational capabilities and processes needed to delivery products and services and accomplish organizational goals
• assess current capability and process effectiveness relative to current and future needs and identify gaps and improvement opportunities
• confirm the best design for each process, modifying current approaches as needed
• determine where workflow could be automated or better supported by technology or tools
• prioritize improvement opportunities and develop a transformation plan to yield quick wins and long-term improvement
• adjust operations where needed.

Partnering is also a focus of excellent clients, who understand the value of partnering to deliver superior results and outcomes. In terms of partnering capability, having identified objectives, current and target performance levels, and processes, agencies should review customer service levels and the cost-to-serve for its portfolio of products and services. Excellent clients also
• understand that there are degrees of partnership and their partnership with one organization may look different from another
• focus on continual improvement, evaluate new models, and implement adjustments as needed
• understand that partnership is a two-way street; each side of the partnership must be equally committed to success.
Todd Grams has been CIO at the Internal Revenue Service (IRS) for about a year. Grams was formerly a chief financial officer at the IRS. He explained that when the CIO position became vacant, IRS Commissioner Mark Everson didn’t want to hire someone who was only a technical expert, as that had been tried before without success. Everson, Grams said, “wanted to try something different.”

So, he hired Grams, who described himself as a “guinea pig.” By hiring someone with a financial background rather than a technical background, Everson wanted to see putting someone with different skills in the job might “make a difference in terms of turning modernization around.”

Now in the fifth year of the current project, the IRS modernization program has a budget of a little more than one billion dollars. “I want to share with you what I saw and what I am trying to do,” Grams said.

“Many of the things I found wrong with the modernization project were the same things I saw as the chief financial officer,” Grams said. “I asked, ‘Why are we doing this this way?’ I found things that didn’t make sense from the beginning.”

The first mistake, in Grams opinion, is the size of the IRS modernization. Part of the project includes the replacement of the taxpayer master files, a project that has failed twice before. At the same time, IRS is trying to replace its personnel system and both the accounts receivable and accounts payable systems. And, the Service is also trying to create a suite of customer applications. Grams maintains that there is “too much on the table. It was doomed from the beginning.”

Another problem with the project is that the right people have not been in the right positions. “We relied too much on insiders” who did not have the project management skills to oversee such a complex project, Grams said. “We sent in these good-hearted people and in hindsight it was not a good thing to do,” he added.

So, he summarized, to increase success of IT projects, Grams recommends not biting off more than you can chew and getting the right people in the right jobs. Grams is working on getting the right people by using critical pay authority. He is looking for people with “specific experience” and he is “taking the time to get the right people in.”

Another problem with the project is that business unit involvement has been spotty in the past. The first attempt to resolve this problem was to announce that the business units would be in charge of the IT efforts. But, by learning as it goes, the IRS found this wasn’t the solution. Now, the role of business unit leaders is to ensure that they define the requirements of IT projects from a business perspective and manage the change that their projects create. “They act as gatekeepers,” Grams said. “The determine the way the agency is going and how technology can help them achieve their business and tactical goals.”
Grams noted that when he came on board there were five corporate committees related to IT or modernization. With each new IT or modernization project, a committee was formed. However, when those projects were ended, the committees didn’t. Now, those committees have been eliminated and one committee consisting of the deputy commissioners of the business units, the chief financial officer, and Grams and his direct reports has been formed. The committee serves an advisory function, and the committee reviews all IT projects.

In addition to all these changes, Grams is also dealing with a shrinking budget. “We look at what IT is doing and ask, what will be need to cut if our budget is cut 20 percent, 30 percent, etcetera,” Grams said. “These lists are looked at and approved by the advisory committee. When Congress makes a decision on our budget, then we’ll use our lists, which have already been approved.”

Another issue is that much of the modernization is creating new systems not replacing existing systems. Grams noted that he asked a group to look into the IRS’s legacy systems and recommend what could be shut down. He was told that not one of the systems could be shut down.

Grams noted that he does not have a grand technical vision for the IRS. “I just want to get the IT organization fixed and aligned with the business units so that we can improve customer service, deliver modernization, and increase value of every dollar spent.”

One striking item absent from the IRS’s IT effort was one noted by previous presenter Mark Vallaster as critical to the success of IT projects: a human capital model. “Before we start a project,” Grams said, “we should know the size, complexity, and risk. We should know how many project directors we need, how many systems engineers and subject matter experts.”

Grams had a matrix created of the current IT projects and the names of those working on the projects in different roles. He not only found many blank spaces, he also found many of the same names in lots of boxes.

Another problem is that the IRS has a poor relationship with its IT vendor. “We had a mentality that we didn’t want to be tough on the contractor, who might walk away from the project,” Grams said. “We write the checks, they should be doing what we ask.”

Grams noted that the vendor had no incentive to deliver on time and the contract did not include cost sharing. “Contractors need to be held accountable. Our job at the IRS is to say no when we need to and walk away if we’re not happy,” Grams said.

Grams believes that there is also a fear that the timeframes set are unrealistic, yet there is also a fear of not meeting those timeframes. “We need to prepare a plan and when we encounter problems, we need to do what needs to be done rather than just skip onto the next milestone,” he said.
None of the reasons for the IRS’s IT failures are related to technology, Grams said. “I believe in focusing on what’s important,” he noted. “It’s a matter of common sense, fair play, and basic management.”
Wrap-Up

After the presentations, Leadership Forum participants defined what actions they could take to make them a better client in IT projects. Suggestions included

- create a true partnership by working together with the contractor from start to finish
- spend time upfront defining roles and expectations
- improve project management skills of those in charge of IT projects
- define procurement requirements more fully
- set reasonable expectations
- manage expectation setting
- communicate.