

Successfully Managing Large, Complex Projects in the Public Sector

I am often asked, what is different about managing large, complex projects in the public sector vs. the private sector? After all a project is a project and complex is complex. Well, the truth is not a lot is different from a project management discipline perspective. A large, complex project has nearly all the same attributes and issues in both sectors. However, the nuanced differences in how *you manage* large, complex projects in a public sector environment can have a huge impact on whether you are successful.

What is Different about the Public Sector?

I made the statement that not a lot is different from a project management perspective. What do I mean by that? Well consider what is *generally* accepted to be in the project management discipline. Accept for now the definition of Project Management as: the discipline of completing project objectives within approved timelines, budgets, and quality standards. This generally entails¹:

- Integration Management
- Scope Management
- Time Management
- Cost Management
- Quality Management
- Human Resource Management
- Communications Management
- Risk Management
- Issue Management
- Procurement Management
- Organizational Change and/or Stakeholder Management

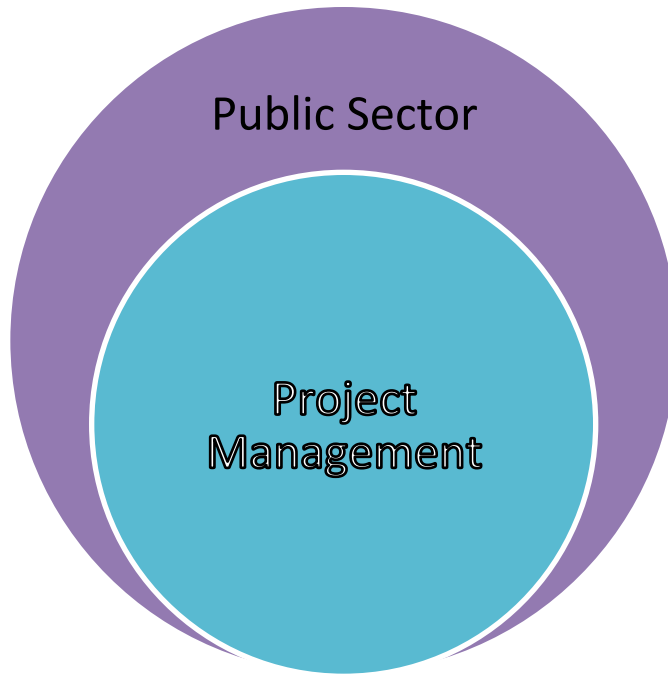
The processes and methods of managing projects embodied in these disciplines are not substantively different whether your project is private sector or public sector.

So just what is it about public sector that is different? Well, in the public sector there are:

- The need to comply with national, local, and agency level statutes, rules, and policies
- Long procurement timelines (often driven by statutes and rules)
- High stakes in societal terms (imagine a system failure that leads to child deaths! – that conceivably could happen in the public sector)
- High publicity (see previous item!)
- Unstable, and oftentimes contentious, political environment
- Duplicative and overlapping functions and authority amongst agencies
- External stakeholders providing funding requiring close oversight

¹ For more information on this topic, see the Project Management Institute at www.pmi.org

To be successful, you need to possess knowledge, skills, and abilities unique to the public sector.



Managing Public Sector Projects Require an Extended Skill Set

Success Factors for Large, Complex Projects

According to the 'Chaos Manifesto 2013'² by The Standish Group, "Very few large projects perform well to the project management triple constraints of cost, time, and scope. In contrast to small projects, which have more than a 70% chance of success, a large project has virtually no chance of coming in on time, on budget, and within scope, which is a standard definition of a successful project. Large projects have twice the chance of being late, over budget, and missing critical features than their smaller project counterparts. A large project is more than 10 times more likely to fail outright, meaning it will be cancelled or will not be used because it outlived its useful life prior to implementation." Wow! According to this study, large projects (defined as more than \$10 million) have a 10% success rate. The same study found the top ten critical success factors to be:

1. Executive Management Support
2. User Involvement
3. Optimization³
4. Skilled Resources
5. Project Management Expertise
6. Agile Process

² Chaos Manifesto 2013. 2013. The Standish Group. www.standishgroup.com

³ breaking projects down to smaller projects in terms of labor content and fast delivery of usable products

7. Clear Business Objectives
8. Emotional Maturity
9. Execution
10. Tools and Infrastructure

An interesting note on the Standish study is they contend all large projects should be broken down into smaller, discrete projects with standalone outcomes (not just smaller phases or work streams). There is a lot of merit in this approach, although it may be unrealistic to think *all* large projects can be broken down this way.

According to a 2012 McKinsey⁴ study, large projects (defined here as \$15M or more) on average deliver 56% less value than predicted, and 45% of these projects exceed budget. While this paper covers more than just IT projects as the McKinsey study did, large complex projects are similar in challenges regardless of whether you are implementing a technology solution or a major transformational change.

The same study found four keys to success:

1. Managing strategy and stakeholders
2. Mastering technology and content
3. Building effective teams
4. Excelling at core project-management practices

Understanding the results of each study and points being made by both, I find my top three success factors are:

1. Managing strategy and stakeholders (including executive management)
2. Effective, skilled teams
3. Effective, skilled project management

Each of these studies, as well as several other studies, effectively describes how to achieve excellence in these areas. Now let's examine what is unique about each of these three success factors in the public sector and what additional skills and knowledge are needed to achieve excellence.

⁴ Delivering large-scale IT projects on time, on budget, and on value. 2012. McKinsey & Company. www.mckinsey.com

The Public Sector Twist on Success Factors

Managing strategy and stakeholders (including executive management)

Managing strategy and stakeholders takes on a whole new meaning in large, complex public sector projects. Projects such as these can, and most assuredly do, have stakeholders including other government agencies, legislative bodies, executive offices, and citizens. Consider the example of state Medicaid Management Information Systems (MMIS). In Florida, the agency responsible for this system is different from the agency responsible for medical services to special needs children; a third agency is responsible for Temporary Assistance for Needy Families (TANF); a fourth quasi-governmental entity handles the Children's Health Insurance Program (CHIP); and another quasi-governmental entity handles Florida's Health Insurance Marketplace. All of these programs have a major stake in the MMIS. Each state has a different configuration for these services, but you get the idea. Now add in the fact the Federal government pays a significant portion of these programs and has their own agencies overseeing them. These are major areas of concern for governors and state legislators not to mention the lobbyists for a multitude of political interests. Who's the real boss? Answer: All of them. While this may seem like an extreme example, nearly every government agency has similar programs with multiple stakeholders outside their immediate agency.

To manage stakeholders in this environment one must be able to understand the larger picture outside of the project and have a command of each stakeholder's:

- Mission as defined in statutes, rules, and policies
- Motivations and goals
- Political affiliations and relationships
- Oversight roles in terms of approvals, funding, compliance
- Thinking and communication style

On most occasions your immediate agency will not want you to have direct contact with these stakeholders; however, it is still incumbent upon you to coach your sponsors to establish good formal and informal communications with them. Have an informal communications plan and ensure that it is being worked; if not by you directly, than at least by your executive sponsor. To be successful you need to be setting and then managing expectations with these stakeholders. The moment you stop being out in front you will be run over. If you work for an agency via a contracted company oftentimes with, or without, your immediate agency's input you will need to engage lobbyists to deliver messages to stakeholders you do not have access to and/or relationships with. This needs to be done with extreme care and is more art than science; however, a good rule of thumb is to use this channel when it is the right thing to do for your sponsor. If you are working as an employee of the agency this is done by the agency's legislative liaison and must be done with your executive sponsor.

Effective, skilled teams

Every project needs skilled staff on their project teams but what is often more difficult to satisfy in the public sector is the need for niche Subject Matter Expert (SME) skills. The problem is twofold:

1. SMEs from the agency are still doing their day jobs. In addition, public sector budgets were slashed in the aftermath of the Great Recession forcing many government employees to take on multiple duties from positions that no longer exist (and in general were never restored and likely never will be). Having overburdened SMEs on your team does not set your project up for success. It is the rare public sector project that can fund in-house program positions to be assigned full time to projects.
2. SMEs from outside the agency (i.e. Medicaid policy like our example above) are hard to find and generally expensive to hire.

Even if you can engage SMEs from the agency you are working with, you still want outside SME support simply because through no fault of their own agency SMEs may not have a bigger picture statewide or nationally of how other government agencies are solving the same problems. A good example of this is manifested in a state setting with which I am familiar. The state has a central procurement function for statewide needs, but every agency has their own procurement and contract management functions. Despite the fact procurement is codified in statute, no two agencies procure goods and services in the same way. In the case of a large outsourcing effort that will involve a complex procurement it is imperative that you have procurement SMEs on your team that have statewide knowledge and experience – and you may have to navigate some difficult waters if the agency staff are stuck on ‘doing it their way.’ At the same time, procurement rules are often in statute or code, and exceptions cannot be made. A truly experienced public sector project manager will not waste time trying to get around statutes. Further, the experienced person will know what the statute is and what it is not – agency level staff may not because they have been working with their agency interpretation of those rules. This interpretation can be outdated or a misunderstanding of the actual statute.

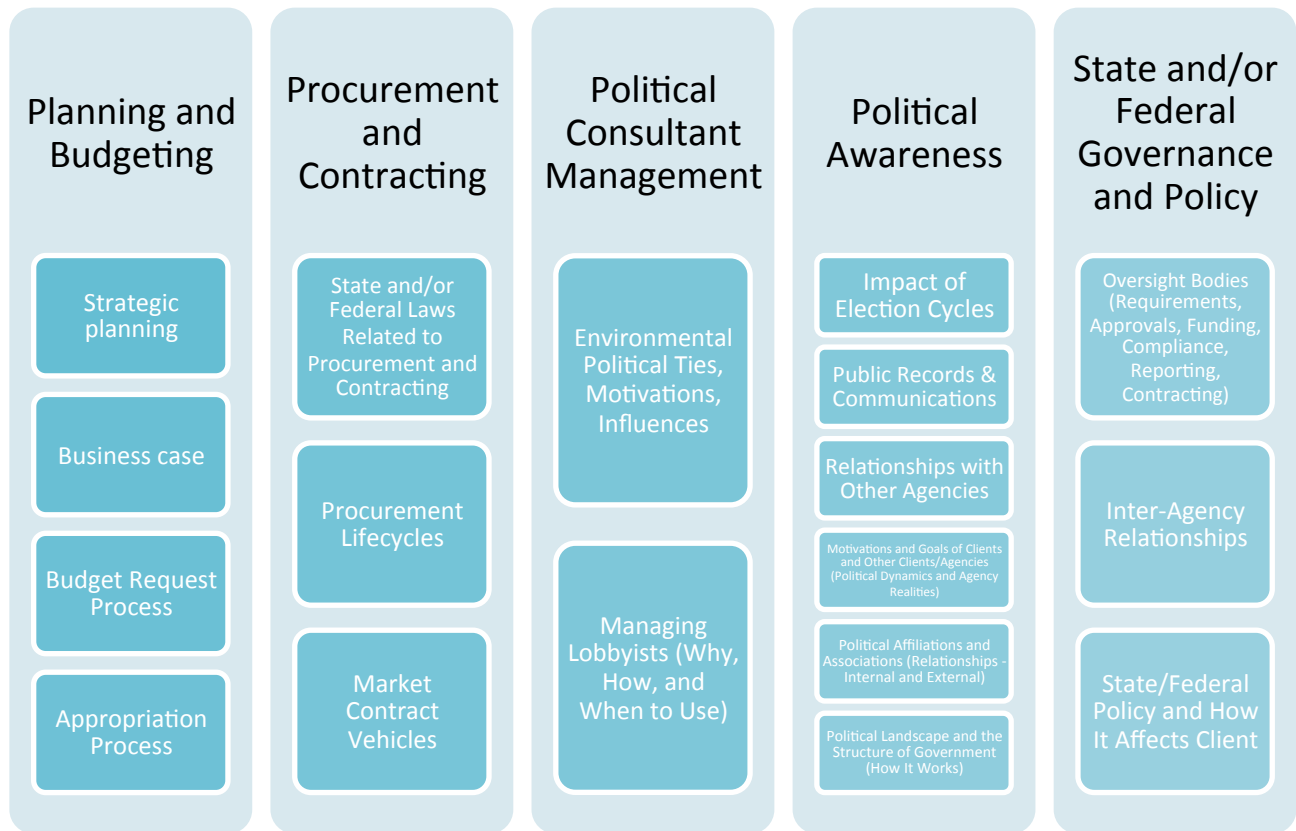
As a project manager, you must be able to understand these issues in depth yourself and manage them.

Effective, skilled project management

As I mentioned in the introduction, a project is a project. Project management blocking and tackling skills are not different from private sector to public sector. What are very different are the particular Knowledge, Skills, and Abilities (KSAs) that come with the public sector environment.

KSA's for the Expert Practitioner in Public Sector

For example, my colleagues put together a list of competencies that are an excellent list of the KSAs needed to successfully manage large, complex public sector initiatives.



Public Sector Knowledge, Skills, and Abilities

So, What is the Takeaway?

Do not assume that if you have successfully implemented an ERP, shared services transformation, or a merger in the private sector that you can do the same project in public sector without gaining the KSAs unique to working in government. Take the time to learn them in depth and, in the best case scenario, partner with someone who has these skills on your first foray into large, complex initiative management in the public sector.