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INDEPENDENT PROGRAM OVERSIGHT: AN ANSWER FOR MAJOR WEAPONS SYSTEMS' SUCCESS?

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The Department of Defense (DoD) has a long and consistent history of major program successes and failures. Unfortunately, because of the nature, size, and complexity of DoD endeavors, when projects fail losses are great to both the warfighter and the taxpayer. The question that begs an answer is: Why do DoD's programs and projects continue to fail considering the department's investment in program management and its long history of lessons learned in acquiring major weapons systems? Research suggests that the answer might lie in the execution of the programs and lack of independence in program oversight.

Perfect storms occur on the open seas and within the confines of government. It would be very hard today for even a casual reader of government reports and policies to ignore the trends in thought revolving around program oversight. The White House, the Department of Defense, the Government Accountability Office (GAO), research organizations, and program offices themselves—all tell the same story that programs are failing because, among other factors, they are not establishing and conducting adequate levels of oversight. DoD's major weapons systems are targets for this criticism, having struggled for years to meet program and performance goals. Is this true? And if so, is there a construct for oversight that makes sense and delivers results in the form of desired program outcomes?

A LEGACY OF DIFFICULTY

Department of Defense investments in major weapons systems are significant: \$157 billion in fiscal year 2006 and a projected estimate of \$188 billion in 2011. Obviously, the management of these large investments is critical to the success of the warfighter and the department as a whole as it addresses a growing number of threats to our nation's security. Yet, the GAO repeatedly describes problems with the development, acquisition, and delivery of major weapons systems. In an abstract of an April 2006 report to Congressional Committees, the GAO states, "Numerous programs have been marked by cost overruns, schedule delays, and reduced performance" (GAO, 2006, Highlights Section, ¶ 2). In 2006 alone, GAO issued 12 reports addressing issues impacting major program successes. In most of the reports, the GAO recorded deficiencies in the application of fundamental principles of program management.

Program and project failure is not unique to DoD or the rest of government. Agency inspectors general consistently report agency failures in delivering program outcomes on time and within budget. The private sector appears to do no better. After acknowledging some improvement in recent program management successes, David Rubinstein (2007) reports in a *Software Development (SD) Times* article that only 35 percent of software projects are successfully meeting cost and schedule goals and customer needs.

THE PM PARADOX

Program management is a mature and proven discipline that represents a long history of business lessons learned. It is constantly updated to reflect the latest management trends and best practices. It applies to all levels of an organization—project, program, and enterprise—wherever business processes are performed. It is valued by both the public and private sectors and widely implemented as a discipline that enhances successes. Yet, programs and projects continue to fail. Why?

THE POSTULATION

Programs and projects fail because they are not executed well. And they are not executed well because decision makers (i.e., sponsoring executives and program managers) are not informed with timely, accurate, and helpful information.

PROGRAMS AND PROJECTS PROGRESS DOWN PATHS, NOT STRAIGHT LINES

Yes, there are other reasons programs and projects fail. Defense program managers list requirement changes and budget instabilities as two of the most difficult and frequent challenges to program success. Technology risk is another. But *informed* decision making can mitigate these influences and bring resources to bear at the right time to impact program progression.

Decision making is a fundamental responsibility of government that should not be outsourced or neglected. Military and government decision makers must be informed and proactive to steer programs and projects to successful conclusions. *Steer* is the operative word because projects do not proceed down straight lines to their conclusion. They wiggle. A project plan lays out a scenario of planned activities, milestones, and outcomes; but projects, after launch, are influenced by real-world events such as budget fluctuations, political pressures, and changing requirements. Program managers must know the true and real-time status of their programs or projects and actively mitigate detrimental factors to keep them on a *path* to deliver established cost, schedule, and performance goals. According to the GAO, “Without effective controls that require program officials to satisfy specific criteria, it is difficult to hold decision makers or program managers accountable to cost and schedule targets” (GAO, 2006, What GAO Found Section, ¶ 3).

POOR DECISION MAKING IS NATURAL

In their *Harvard Business Review* article, “Delusions of success: How optimism undermines executives’ decisions,” Dan Lovallo and Daniel Kahneman (2003) state that decision making is flawed by cognitive biases and organizational pressures to play up the positive. For DoD initiatives, the faulty thinking begins when investments are made. To make projects attractive, we tend to play up their benefits and downplay their risks. After launch, we cling to our predictions at all costs because we believe in our mission and don’t want to admit any possibility short of full success. We are inclined to ignore information that doesn’t support our desired progress toward project milestones. We are also inclined to exaggerate our own abilities and control.

If we can shed our natural biases, we still falter because we are not informed with timely, accurate, and helpful information. There are many reasons:

- No bias-free and conflict-free entity is focused on cost, schedule, and performance targets.
- No one is coordinating activities and information flow among multiple sources of support in a fair and impartial manner.
- There is no single unbiased source for advice on program performance and progress.
- Highly experienced and skilled program management support is not available.

THE CASE FOR INDEPENDENCE

Our argument on the importance of being informed takes on greater meaning when we consider that government moves forward and accomplishes its objectives through **chunks** of work we call initiatives, programs, and projects—activities that equate to billions of dollars of investments. Government decision makers are stewards of the government’s vast resources and capabilities. Being informed and making

timely decisions based on accurate and helpful data are key to the success of programs and projects and to the stewardship of these resources.

LET'S REVIEW

- The government accomplishes work through launched initiatives also called programs.
- Reviewers (the GAO and IGs) say we don't manage our initiatives well.
- We apply program management principles, but we still struggle to deliver successful programs.
- We struggle because we optimistically assume that our plans and predictions will come true.
- We progress down paths influenced by the real world.
- We are not able to make good decisions because we are not informed. And we are not informed because we don't have timely, accurate, and helpful information.

The questions we must ask then are: "How do we become and stay *informed*? What can we put in place that will assure us of timely, accurate, and helpful information?" The answer is Independent Program Oversight (IPO).

WHAT IS INDEPENDENT PROGRAM OVERSIGHT?

Independent Program Oversight is a **support** function performed by experienced and skilled practitioners in program management who are free of biases, conflicts of interests, and political influences. The IPO's job is to keep government decision makers informed of the true status of their programs, including budget status, requirement changes, technology risks, and progress toward cost, schedule, and performance goals. The IPO also advises decision makers on the maturity of business processes that could impact program performance and success. What defines an IPO is its independence. By design, the IPO is free of interests that could skew its judgment and value to the government. GAO has pointed to the need for an IPO type of function since 2003. In a memorandum to the Congressional Committees, GAO states, "The department's leadership needs to put necessary controls in place to ensure decision makers could make *informed* [italics added] judgments" (GAO, 2007a, p. 6).

IPO IS

IPO can be thought of in a number of ways:

1. Philosophically, it is the concept that values the independence of program management in its application throughout the enterprise. Greater transparency and understanding of the project's facts and status occur whenever independent judgments are made.

2. Practically, IPO consists of an office that provides **support** to a government decision maker such as a program executive officer or a program manager. It is staffed with experienced practitioners in program management who have free access to information and data pertaining to a program (no matter the source), and are **fire-walled** from detrimental influences that skew judgment. IPO is a trusted advisor to government and mediator to private interests such as contractors and subcontractors. IPO's main focus is the success of the program.
3. From an acquisition strategy perspective, IPO can be thought of as an approach that identifies and separately competes a set of requirements for IPO services. In other words, a large weapons systems requirement could consist of a solicitation for development, testing, and deployment and a companion solicitation for independent program oversight support.

IPO IS NOT

IPO is not a compliance or auditing activity that assesses what was done or not done in the past against established standards. In contrast, IPO looks forward and performs assessments, reviews, and evaluations to influence interactively the execution and performance of a program as it evolves.

IPO is not another level of oversight or an additional layer of program management services. IPO might include the traditional services found in a program management office (PMO) if those services are not otherwise present in the program office—given that any major program requires a robust and mature level of program management. Regardless of the construct, the IPO function must be designed and implemented to be rigorously independent.

TYPICAL FUNCTIONS OF AN IPO

IPO is a highly interactive and real-time support function focused on the success criteria and progress of a program and its associated projects. It is outcome-driven. IPO's job is to make the PEO or PM successful. Typical IPO functions are

- validating cost estimates, methodologies, and research;
- assessing maturity and sufficiency of program management capabilities;
- assessing cost and schedule compliance, including earned value methodology approach and effectiveness;
- monitoring budget and requirement changes that could potentially impact program goals;
- evaluating program risks and risk mitigation plans, including risks associated with technology implementations;
- assessing progress toward program objectives and outcome deliveries; and
- providing advice and recommendations on progress toward cost, schedule, performance, and outcome goals.

CONTRACTUAL CONSIDERATIONS

IPO requires contractual activity in two important ways:

1. The overall acquisition strategy for a major weapons systems endeavor must include an independent solicitation action for the services of highly skilled and experienced program management practitioners.
2. The strategy must also include the provision or modification of contracts to permit IPO access to relevant information and data concerning a program's progress toward its goals.

Additionally, sponsoring organizations should establish agreements to convey executive commitment and encourage joint understanding of expectations and a win/win spirit among the key players: the PEO, the PM, the customer, the contractors, and their subcontractors. This could be part of DoD's new policy on weapons systems acquisitions. The GAO Congressional Committees report states:

As part of DoD's strategy to enhance the role of program managers in carrying out its major weapons system acquisitions, the department has established a policy that requires formal agreements among program managers, their acquisition executives, and the user community intended to set forth common program goals (GAO, 2007a, p. 2).

WHAT DO OTHERS SAY?

The benefits of independence in program management and concept of independent program oversight are widely recognized in the public and private sectors. A 2005 Gartner article entitled *Project Management Office: The IT Control Tower*, states: "Enterprises need an in-house or third-party capability for scrutinizing schedule slippages, changes, and other project issues" (p. 35). It also says, "Project office oversight of ESPs [external service providers] will help 35 percent of IT organizations avoid major disruptions to business strategies and IT operations through 2009" (p. 4).

A February 2005 case study on Customs and Border Protection (CBP) by the META Group (since acquired by Gartner, Inc.) states:

R-G worked very hard at helping the CBP and integrator manage and report information more accurately, so that they were effective at containing the problem and keeping the program on track ... This example indicates one of the benefits of using a separate company to oversee the program and to provide better accountability and discipline (Ballou, 2005, p. 2).

A GAO report on DoD weapon systems acquisition says "DoD ... must establish stronger controls to ensure that decisions on individual programs are *informed* (italics added) by demonstrated knowledge" (GAO, 2007c, p. 61).

A survey of senior IT executives lists the following key finding:

“More than 70 percent of survey participants indicated that they valued the concept of an independent, separate group of people designated to assist them in overseeing large-scale initiatives, as opposed to the oversight being performed by the same people doing the implementation” (Robbins-Gioia, 2007, p. 4).

In May 2007, a GAO report included the following statement on what is needed to improve management and oversight in order to better control the way DoD acquires services:

“Managing and assessing post-award performance entails various activities to ensure that the delivery of services meets the terms of the contract and requires adequate surveillance resources, proper incentives, and a capable workforce for overseeing contracting activities. If surveillance is not conducted, not sufficient, or not well documented, DoD is at risk of being unable to identify and correct poor contractor performance in a timely manner and potentially pay too much for the services it receives” (GAO, 2007b, p. 10).

CONCLUSIONS

Perfect storms come in the form of debates also. There has always been debate in the federal acquisition community on the role of government versus the role of contractors. Over time, we have shifted and reshifted responsibilities for program outcomes between the public and private sectors. A key responsibility that will **never** move to the private side because it is an inherently governmental function, is decision making. Government officials and military leaders are stewards of taxpayer resources and government capabilities. In no place is this more evident than in the conduct and delivery of DoD’s major weapons systems. It is here that decision making must be focused, accurate, and timely. Independent program oversight provides the honest assessments critical to clear understanding and thought essential to good decision making. Good decision making delivers program results and outcomes.



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