

Executive Summary

Billions of dollars are spent on government IT projects every year and state CIOs have the bulk of responsibility for project execution. Surveys by the Standish Group International, Inc. indicate that success rates have increased to 34% of all projects—more than a 100% improvement over their first study in 1994, but that still leaves overall IT project success rates at less than 66%.¹

States have demonstrated that applying the discipline of project management (PM) can greatly increase project success, but there is still much to be done. This core belief served as the impetus for launching NASCIO's 2005 survey of state information technology (IT) project management practices. Several core themes emerged that may be beneficial to the implementation of state IT initiatives:

- **There is value in adopting an enterprise approach toward IT investments.** In a time when all states are challenged to provide improved services with fewer resources, adopting an enterprise project management approach supports key business goals to leverage economies of scale, eliminate duplication of efforts, and foster the use of common applications that can be used across multiple agencies.
- **Given the complexity of implementing IT projects both within and across state agencies, clarifying the governance structure during the initiation phase of the project is essential.** State IT projects must meet the challenge of balancing an enterprise perspective with the core business needs of individual agencies. Developing written documentation clarifying roles, responsibilities, and the decision-making model for escalating

and resolving issues at the onset of the project helps build consensus across diverse stakeholders and saves valuable time during project execution.

- **Organizational change management must be viewed as an integral component of project management.** A new IT system cannot be successful unless it is embraced by the end users. Organizational change management focuses upon organizational readiness and adopts a structured approach to prepare end users gradually for the cultural change that accompanies the implementation of new technology.
- **Enterprise portfolio management can facilitate the alignment of statewide IT investments with a state's goals and objectives and enterprise architecture approach.** State project management offices (PMOs) can play a critical role in helping states select the "right" projects through realization of enterprise portfolio management. Enterprise portfolio management provides a structured approach for identifying, prioritizing, selecting, and tracking projects that is aligned with core business and technology drivers.
- **Actively supporting career advancement for project managers within the state through project management training and certification programs enhances continuous improvement.** People are the greatest resource of any organization. Therefore, in order to increase capability to implement IT projects successfully, ongoing training must be provided for project managers within a centralized PMO. Project managers (PMs) within state agencies, as well as other

¹ SoftwareMAG.com Product Coverage, "Standish: Project Success Rates Improved Over 10 Years," January 15, 2004.

project stakeholders such as project sponsors and vendors, need training as well. Increased opportunities for project management training and mentorship builds a cadre of personnel who not only believe in the value of a disciplined approach to IT project management, but who also possess the competence and skills needed to implement challenging state IT projects successfully.

KEY SURVEY FINDINGS

The National Association of State Chief Information Officers (NASCIO) recently surveyed state IT project managers concerning their approaches to IT project management. The trends discovered in responses from 34 states in August-September of 2005 reveal a baseline regarding perceived success of project management as an overarching discipline in state government. Many of the questions in this self-assessment used a rating system of one-six, in which one equals "no plans for this activity" and six equals "proficient/highly experienced in this activity" (see full rating system in Appendix II). Key findings and recommended action items for NASCIO and state CIO offices are listed below per survey subtopic area.

Project Management Office Structures - States are moving toward having an enterprise/statewide PMO structure in place. All 34 states reported progress in this area with 26 indicating they already have one in some stage of development or operation. Other studies have shown that flawed organizational structures which do not support holistic solutions and poor executive sponsorship are two of the biggest predictors of project failure.

Key findings:

- Project managers and CIOs from across the country cite the need for authority over projects rather than mere responsibility for their success.
- Most (85%) enterprise PMOs are empowered by state CIO directive/administrative policy and have a reporting relationship to that CIO. It appears that states are recognizing a central

need to at least govern portfolios and common project management practices centrally while at the same time distributing some PMO activity and functions to the agencies. There are varying lines of demarcation in scope of influence.

Call to action:

- States should embrace an enterprise focus which will eliminate duplication of expenses through development of common applications servicing multiple agencies.
- NASCIO should continue its focus on IT project management. With most states embarking upon the enterprise approach an opportunity exists for sharing of experiences, learnings, and work accomplished to further leverage the benefits being derived.

Governing Statewide or Multi-Agency Projects - Agencies, much like businesses, are set up in a functional structure based upon a hierarchy. Management of the various components has specializations, such as IT projects, and PM functions should be set up in a way to leverage those strengths.

Key findings:

- Successful project teams are often set up in a matrix structure, leveraging the strengths of individuals from across the breadth of the organization. While this structure is difficult enough in a single agency project, adding multiple agencies that span a state magnifies the complexities exponentially.
- While individual states vary, there is typically either a state chief information officer or some governing council that makes final decisions in regard to priorities for projects (82%), staffing decisions, and "go-live" decisions (79%).

Call to action:

- States should put an agreed-upon governance document in place during the initiation phase of any project.

Organizational Change Management - When implementing new information systems, technology is often the easy part; managing expectations

and preparing people for change becomes the challenge. A primary goal of organizational change management is to provide the structure and guidance necessary to prepare organizations for the acceptance of cultural change and improve focus through communication.

Key findings:

- Seventy-nine percent of respondents noted that the lack of organizational change management has contributed to the failure or delay of an IT project.

Call to action:

- NASCIO should begin to build more awareness of the importance of effective organizational (cultural) change management and its impact on successful project implementations.
- State project managers should put more emphasis on the cultural/people side of project management.

Project Portfolio Management - Central IT portfolio management is a growing trend among all states. A great majority of states are centralizing via the office of the state CIO and enterprise/statewide PMO functions.

Key findings:

- Twenty-seven respondents (80%) had a project inventory and tracking process in place and a similar number were maintaining the inventory on at least an annual basis. These states also reported their project evaluation, selection and prioritization processes as well as their level of monitoring projects with multi-dimensions of performance were in the initial stages (four on a six-point scale with six being highest).

Calls to action:

- States should continue to share best practices through NASCIO's IT Project Management Forum.
- State CIOs should provide consistent, objective information related to the performance of technology projects

against established criteria to agency and enterprise leadership.

Strategic Alignment - The focus of state organizational project management governance structures are echoed in this section of the survey. Strategic alignment centers on key overarching issues such as the role of the state PMO in providing guidance on statewide business investments, managing the state's project portfolio, and ensuring alignment with state enterprise architectures and IT strategic plans.

Key findings:

- The majority of the states indicated that project management is included in the state's IT strategic plan with one state rating their efforts as a six (proficient), eight states rating their efforts as five (ongoing, needs improvement), and only two states rating as one (no plans) with an overall rating of 3.86.

Call to action:

- Although most states are moving in the directions of strategically linking their project management methodologies and enterprise architecture together with the states' lines of business, there are still opportunities for improvement in this area.

Certification and Training - Training and certification programs for states must go beyond the tools and technology of IT project management. Many states have developed or amended programs to deal with challenges that are explicit to state government such as procurement and budget laws and governance structure. Sponsor training is also critical as lack of leadership is often cited as the number one reason for project failure.²

Key findings:

- When asked to assess the programs and processes that exist to train and certify state project managers, 40% of the respondents reported a proficiency; and more than 43% of respondents

² Mark A. Taylor, "The Five Reasons Why Most Projects Fail," TAYLOR Systems Engineering Corporation presentation, Plymouth MI, 2003.

recognize certification from the Project Management Institute (PMI).

- The level of training for project sponsors was not rated nearly as high. The average response was only 2.39 (using the one-six scale, where six equals "proficient"). Vendor orientation as a whole was rated just slightly more advanced than project sponsor training.

Call to action:

- Formalized project sponsor training should be adopted by state governments.

Career Path - Some states are making headway in developing project and portfolio management as a career path in civil service. As these disciplines acquire more of a foothold in training and certification programs in state government, the success that has been found in the private sector with management of IT projects and investments can be further emulated.

Key findings:

- Nearly 30% of respondents reported that "project management" is a classified civil service title in their state. Unfortunately, only three of the responding states indicated that they have an established career path for project management.
- Five out of 34 states indicated having their own state PM certification program.

Call to action:

- Continue to build on positive trends toward establishing PM as a career path in state government.

NASCIO STATE IT PROJECT MANAGERS FORUM

To answer state governments' needs to share ideas and best practices regarding project and portfolio management, NASCIO's State IT Project Managers Forum was established in July 2005 as an ad hoc focus group. The group is designed to foster the exchange of information, as well as to promote these disciplines among the states and their partners. The primary audience of the forum includes lead state IT project and portfolio managers, and state

CIOs. Other state staff members interested in IT PM are welcome to participate.

Some forum activities include: development of a State IT PM listserv and contact list; monthly all-state conference calls with topics such as PM methodology, IT and PMO governance, portfolio management, and dashboard reporting; a survey of state IT project and portfolio management practices (which serves as the basis for this document); as well as a forum website and online clearinghouse. Potential future projects for the group may include: development of an IT PM newsletter; addition of a PM category to NASCIO's *Digital Government Compendium*; addition of a NASCIO awards category regarding project management; and potentially, a follow-up "best practices" issue brief in conjunction with NASCIO's corporate membership, which earlier this spring cited "effective project management" as one of the top five competencies needed by government.

ACKNOWLEDGEMENTS

NASCIO would like to express its appreciation to the survey assessment participants listed on page 6 of this report. NASCIO also expresses its appreciation to the following members of the forum's advisory group for lending their time and expertise in compiling and reviewing this report:

Chuck Fallaw - Co-Chair
Deputy CIO
State of South Carolina

Beverly Cummings - Co-Chair
Project Manager
State of South Carolina

Brenda Breslin
Director, Project Management Office
State of New York

Orrin Butterfield
Project Management Consultant
State of Minnesota

LaMarian Hayes-Wallace
Director, Program Management Office
State of Georgia

Lynn Hersey-Miller
Chief Program Officer
State of Delaware

Robin Jackson
Project Management Analyst
State of Montana

Ann Long
Manager, Project Management Office
State of Oklahoma

Walter Mullen
Director, IT Project Management
State of Tennessee

Doug Robinson
Executive Director
NASCIO

Please direct any questions or comments about this report to Elizabeth VanMeter, NASCIO's program manager, at evanmeter@AMRms.com or 859-514-9176.