TANNER JAMES
•MANAGEMENT CONSULTANTS•

Managing Successful Capability Acquisition

JUNE 2002

A SUBMISSION TO:
FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

INQUIRY INTO MATERIEL ACQUISITION AND MANAGEMENT IN DEFENCE

EXECUTIVE SUMMARY

- This submission is provided by Tanner James Management Consultants Pty Ltd as a contribution to the Foreign Affairs, Defence and Trade References Committee.

- Tanner James has led the introduction of DMO's Project Management Method (PMM), which is based on the UK PRINCE2 method.

- While there have been many advances in acquisition project management within DMO, there are several areas where improvement is still needed.

- PMM has been central to improvements in project management in DMO.

- Implementation of PMM has been patchy but where implemented properly has delivered real benefits to the projects and the Australian Defence Organisation.

- PMM is well accepted by projects that have implemented the method.

- Fundamental problems in project management have included:

    - Lack of integration of PMM with other project management and acquisition techniques
    - Underestimation of time and cost
    - Inadequate planning before and during contract
    - Adoption of a template driven mentality
    - Poor structure of some Project Boards
    - Lack of control over the products of projects.

- DMO are attempting to re-invigorate PMM implementation through the creation of a Standard Acquisition Management System (SAMS)

- SAMS has potential to be positive if implemented properly but there are risks that the integration will fail if links between elements are not properly recognised.

- To succeed fully, any systematic approach to project management requires:

    - Clear policy direction;
    - Adequate IT support systems;
    - Integration into overall capability management;
    - An appropriately framed program management structure;
    - Adequate training and consulting support; and
    - Support at all levels of the organisation.

- Application of PMM/SAMS needs to be broader than the current application of PMM and should commence earlier in the project life-cycle.

TERMS OF REFERENCE TO BE ADDRESSED

This submission addresses some of the terms of reference of the inquiry. It does not attempt to address those terms of reference in which Tanner James has no competence or direct Defence experience.

The following table shows the terms of reference and a summary of the reasons for addressing or otherwise:

ToR	Summary	Addressed?	Explanation
1	Effectiveness of framework in meeting needs	No	Tanner James cannot determine or comment on Defence equipment requirements.
2a	System meeting needs in timely, cost-effective manner	Part	Comments restricted to timeliness, cost-effectiveness and meeting of stated quality requirements
2b	Impact of acquisition reform	Yes	Observations on Project Management aspects of those reforms.
2c	Status of projects in meeting organisation's requirements	Part	Comments on impact of Project Management reforms on broader organisation.
2d	Impact of creation of Systems Program Offices	Yes	Observations on Project Management aspects of those reforms.
2e	Other issues	Yes	Consistency of reforms Integrated frameworks Management Support Systems Whole of Life approach

Table 1: Terms of Reference Checklist

Limitations of Advice (Qualifications)

Tanner James Management Consultants Pty Ltd is a project management consulting group based in Canberra, with vast experience in the implementation of the PRINCE2 project management method in both Government and Private Enterprise, but especially the Australian Defence Organisation.

Tanner James commenced introducing PRINCE (Version 1) into the Department of Defence in 1994 then introduced PRINCE2 to the Department of Defence in 1996 and led the creation of the DMO Project Management Method (DMO PMM) and Army Minor Projects PMM, which are both based on PRINCE2.

Tanner James is therefore highly qualified to comment on the successes and failures of PMM implementation, the general state of project management in Defence and potential improvements to project management. It is not however competent to discuss the technical suitability of equipment purchased, the adequacy of Defence structures other than as they relate to project management or the strategic context within which Defence operates.

An additional limitation of this nature is the classified nature of some projects. This submission will not discuss sensitive projects by name.

Furthermore, it would be inappropriate for Tanner James to identify projects it sees as failing. Tanner James does however quote some successful implementations of PMM as an indicator as to where best practice examples might be identified.

Limitations on Advice (Statistical)

During the implementation of PMM, and when implementation was supported centrally by DMO, data was collected relating to the success or otherwise of PMM usage within projects. This data was collected with Tanner James involvement. This has been provided previously to DMO and is discussed in this submission.

However, implementation is no longer centrally funded by DMO. Data has only been spasmodically collected and this data is not suitable for analysis across the organisation or comparison with previous results. Accordingly some of the submission will rely on anecdotal evidence and the experience of our Divisional Client Managers working with DMO.

WHAT IS PRINCE2?

PRINCE2 is a project management method developed by the UK Government Central Computer and Telecommunications Agency (now part of the Office of Government Commerce) in 1996. The previous version, PRINCE was developed in 1989.

PRINCE2 was developed with the input of around 150 public and private organisations by examining practices that worked and those that didn't. The best practices were then collated into the method structure.

PRINCE2 focuses on the justification of a project and provides a range of theories ("Components") relating to:

- The proper organisation of a project management team
- Correct planning for a project
- Controlling the project against those plans
- Breaking the project into manageable stages to support greater control
- Managing risk within the project
- Ensuring fitness for purpose against pre-defined acceptance criteria
- Managing the configuration of the project deliverables
- Controlling and managing changes to the project

PRINCE2 also provides a process model which steps through the controlled start, planning, execution and closure of the project as well as some techniques required when undertaking processes.

PRINCE2 is a best practice approach to project management. It recognises, however, that the method will require tailoring to any organisational environment and project. It also recognises that a range of available techniques exist for carrying out specific elements of project work and it therefore does not try to reinvent these techniques.

Other techniques that are compatible with PRINCE2 and therefore can be used in a PRINCE2 framework include (but are not limited to):

- Systems Engineering
- Earned Value Management
- Critical Path Analysis
- Advanced Scheduling Techniques and Tools.

It must be stressed that none of these techniques replaces the need for an effective project management framework. Rather they all support and supplement good project management.

WHAT IS PMM?

To be effective in any organisation, PRINCE2 must be tailored to the organisation. There must also remain some scope to tailor the method to individual projects within the organisation. Importantly the question in both cases is not whether certain processes or theories are used in an organisation but how they are used.

DMO's Project Management Method (PMM) has PRINCE2 at its core. Supporting this method are two categories of tailoring:

1) Hints, Tips and Policy – advice and statements of policy on when, where and how the method is to be implemented in a range of project circumstances.
2) Tools and templates – DMO uses a range of tools including Lotus Notes applications titled 'PROMAN' and 'Lifeline'. Both of these are primarily document management systems, however Lifeline includes a risk and issues management capability. DMO has also developed a Risk Management System capable of supporting PRINCE2 usage. The DMO Knowledge System (DMOKS) contains a range of hints, tips and policy as well as a full set of templates for PRINCE2 usage.

PMM was envisaged as containing links to Systems Engineering and Earned Value Management in particular. One intention was to draw parts of the Capital Equipment Procurement Manual (CEPMAN) into DMOKS to create an integrated system. These links do not currently exist.

DECLARATION OF COMMERCIAL INTEREST

Tanner James specialises in training and consultancy advice relating to PRINCE2. Accordingly, it can be seen that greater adoption of PMM within Defence would open commercial opportunities for Tanner James and other accredited PRINCE2 training and consulting organisations.

However, while much of this submission relates to PRINCE2 *per se*, Tanner James stresses that broader, more rigorous application of project management in a more general sense is required. Accordingly, references to PRINCE2 can be read in many cases as 'a rigorous project management system'. Tanner James believes PRINCE2 is the best vehicle for achieving this application of project management rigour and notes Defence's stated commitment to PRINCE2 based project management for all projects.

STATEMENTS TO THE TERMS OF REFERENCE

This section of the submission addresses each of the terms of reference against which Tanner James believes it can add value to the Inquiry.

ToR 2(a) "Whether the current materiel acquisition and through life support system is meeting, and will continue to meet, the needs of Defence and Defence industries in a timely, cost-effective and qualitative manner."

CONTEXT OF ADVICE

Tanner James does not have statistical evidence available as to the success or otherwise of Defence projects. We anticipate that much evidence will be provided to the Inquiry to this effect and we further anticipate that this evidence will show that there is room for improvement in some areas of Defence project management.

There is much press given to Defence 'failures'. Some of this is justified and some is not. It is also true that very little is reported about the successes in Defence acquisition. Tanner James does not propose to comment on specific claimed failures. However, it is self-evident that some Defence acquisition projects have not gone to plan.

On the supposition that there is room for improvement in some areas, the submission identifies potential areas that could be improved with the best 'bang for the buck'. Recommendations provided have all been provided to DMO, its projects or at a Divisional or Branch level previously.

Tanner James has had experience with many projects that have been highly successful in some areas and has seen others that have been deemed failures.

COMMENTS

SCHEDULE/TIMELINESS

Unrealistic Schedules

Many Defence acquisition projects in the past have set out on the acquisition path with unrealistic and unsubstantiated acquisition schedules.

While the required capabilities were often technically well-defined, the acquisition schedules have not been based on the products that need to be delivered to meet that capability and the constraints faced by the project (as PMM recommends). For example, acquisition schedules have supposed that RFT's will be released immediately upon or very soon after approval, contracts will be signed within one month of the RFT, production will start immediately upon contract signature and acceptance will occur immediately after production. This approach did not recognise, for example, the time to create and clear RFT,

design and design acceptance, testing and operational transition. Additionally, it was very rare that any allowance was made for contingencies or changes of Government direction.

These problems appear to be becoming less common. The use of Integrated Project Teams (IPT's), which combine resources of Capability Systems Division and DMO, and the application of improved project management in the capability definition phase appear to be improving the estimation of acquisition schedules. While Capability Systems Division has not formally adopted PMM, many of the IPT's are using a PMM approach to developing schedules.

The newly released Defence Capability Life-Cycle Management guide addresses these problems to some degree by requiring a properly developed acquisition schedule prior to second pass approval. With rigorous implementation under a PMM framework, this problem should be resolved.

Inadequate planning during contracting process

Contractors are required to submit a draft Work Breakdown Structure (WBS) and Schedule with tenders and this is refined and negotiated in the contracting process. Unfortunately two common errors occur in this process. Firstly, the WBS and schedule do not always appear to be adequately tested and second the schedule of the contractor is sometimes seen as the entire project schedule.

The schedule must be tested to ensure it:

- Is based on all products to be delivered;
- Allows adequate time for design, design approvals and testing;
- Allows adequate time for approvals and reworks;
- Is in a format compatible with Defence management systems; and
- Has realistic estimates of product development times.

The contractor WBS and schedule represent a large part of any Defence project. However, it is rarely if ever the entire schedule. Products to be delivered by the Defence Organisation must be integrated with those provided by the contractor.

An example of good integration of schedules can be found in Project Air 5367.

Lack of product based control

Given that a good schedule should be based on the products to be delivered by the project, it is equally important that control of that schedule should be based on the products delivered and in progress.

Common mistakes in this area include review of activities only (without reference to products that have been finalised from the activity) and the loose application of 'milestones'.

It is not possible to assess the progress of a project by merely reviewing activities. Regular control needs to be applied to the products actually delivered ('signed, sealed and delivered') by the project.

Equally if milestones are loosely defined as for example 'achievement of Critical Design Review', it is possible to argue that the milestone has been completed at a design meeting. If however the milestone is defined as the production and approval of the set of pre-stated products that go with Critical Design Review, there is little room for argument.

PMM proposes control based on the products delivered. Some projects undertake these controls very effectively. Others do not.

An example of good product-based control is the achievement of the second level of operational capability for Air 5367.

COST

Unrealistic costs

Historically the costing of some projects has been open to question. Anecdotal evidence suggests that some projects have tended to be built to a budget approval rather than to the realistic requirements of the ADO. This appears to be diminishing in prevalence as Capability Systems Division applies greater rigour to Project Management.

A common complaint amongst our clients is that not all costs of acquisition and support of equipment have been included. The creation of the DMO appears to have heightened awareness of this problem and the use of IPT's appears to be resolving some of the issues faced.

As for unrealistic schedules discussed above, the answer revolves around improved project management rigour earlier in the project life-cycle.

Lack of cost control

Evidence will in likelihood be presented to the Inquiry relating to perceived cost blow-outs in Defence projects. It would not be appropriate for Tanner James to add to or reject such evidence.

However, at a project management level, projects do not appear to have access to adequate and robust project-based cost reporting mechanisms. Projects have difficulty providing timely trend information on project costs within their Highlight Reports to Project Boards. That is, there is a disconnect between

project schedules and cost control. Cost reporting and control should be based on the deliverables and resources of the project.

The organisation is trialing the Welcom® Open Plan Professional suite of project management tools to support this reporting and this is a positive move.

Recommendations:

Best practice examples of PMM implementation in the capability definition phase should be collected and used to develop a standardised approach to early acquisition scheduling. Examples of solid application at this point of the project life-cycle include projects Land 135 and JP 2057.

That greater attention is given to validation of the contractor schedule and integration of this schedule with other project activities.

That all projects have regular meetings or teleconferences (fortnightly or monthly) with contractors to determine which products have been completed, which are overdue and which are presenting difficulties.

That payment milestones are based on sets of products to be delivered and payment is only made on approval of all of those products.

Whichever project control tool is selected or developed, it must be able to report costs in a way that relates directly to the plans of the project.

ToR 2(b). "The impact of DMO acquisition reform program on materiel acquisition and management."

CONTEXT OF ADVICE

Acquisition reform has been wide ranging. It is not appropriate for Tanner James to comment on all reforms, other than to say there have been many positives in acquisition reform.

Reform is an inherently slow process and it would be inadvisable to expect a 'big-bang' or 'one-size-fits-all' solution to historical problems in an organisation as large and complex as Defence.

This advice is limited to the implementation of PRINCE2 based project management, which underpins much of the reform agenda. Implementation of PMM is no different to any other part of reform. However there are aspects of its implementation that could, and should, be improved.

COMMENTS

The implementation has been in progress for over three years and progress is mixed. Some Divisions, notably Aerospace Systems Division, use PMM in some form in almost all projects. Some of the other Divisions offer no support for PMM implementation at all.

The last available statistics were collected in August 2000. These showed that at that time (around 18 months into implementation), 36 per cent of projects had 'converted' well to PMM. However, only 9 per cent of projects were deemed to be controlling well.

Put simplistically, conversion means that the projects have been planned and organisations established within a PMM context. Control means *inter alia* that a control routine has been established, risks are recorded and analysed regularly and issues are correctly managed.

Current figures are not available and without visibility of some major Division's it is not possible to estimate a DMO-wide figure for conversion. In Aerospace Systems Division, our lead consultant estimates that approximately 75 per cent of projects have attempted conversion, approximately 50 per cent of all projects have converted well and around half of those are controlling the project reasonably well within a PMM context. There is significant variation across branches with Air Combat Systems Branch being almost completely converted to PMM. Other branches are moving well to follow that lead.

Reasons for variability of implementation appear to include:

- Those executives with a positive first experience of PMM have tended to drive implementation whereas those who have seen it incorrectly implemented tend to avoid use where possible;
- Regular rumours that PMM is about to be scrapped in favour of other systems have caused procrastination in projects intending to implement;
- Executives who have been trained in the method tend to be highly supportive of the method. Those with no knowledge tend to be suspicious of stated benefits;
- In some cases there appears to be a break down in the chain of command, whereby for example Division Heads insist on implementation but Branch Heads do not execute those instructions;
- An incorrect perception that other techniques (Systems Engineering, Earned Value Management) obviate the need for project management;
- Some areas have good intentions of introducing the method but do not put a monitoring framework in place to ensure projects comply with all of the requirements; and
- Implementation under a 'User Pays' system sometimes means that projects with least "spare" money, and therefore most need of project management, cannot afford appropriate support for implementation.

Recommendations:

Clearer policy direction is needed supporting the use of PMM.

Systems need to be put in place to manage the implementation of PMM.

Greater integration is needed between PMM, Systems Engineering, Earned Value Management and Defence Acquisition Procedures. (DMO is currently addressing this issue through the creation of a Standard Acquisition Management System)

ToR 2(c) "Current status of major capital equipment projects in meeting the organisation's needs."

CONTEXT OF ADVICE

Tanner James is not qualified to assess the organisation's needs. However, having conducted many user workshops and been involved with hundreds of Project Board meetings it is possible for Tanner James to comment with respect to the Organisation's perceptions of PMM's contribution to meeting its needs.

COMMENTS

Board Structure and User Involvement

PRINCE2 focuses on alignment of the managed business needs of the project with the stated requirements of the organisation. In Defence, it is very noticeable that those projects that are managed according to the stated benefits contained in justifications put to the Defence Capability Investment Committee, Service Chiefs and Cabinet enjoy much greater confidence from those bodies.

Project Boards, when properly constituted, have proven an excellent mechanism for engaging stakeholders in the decision making processes. Accordingly, the strongest support for DMO's PMM often comes from outside of the DMO.

Some Project Boards have been incorrectly constituted, sometimes leaving out user representation altogether. Others have been created but have never actually sat in a PMM context. That is the Boards may have met to discuss particular issues but have never considered the plans for the project, to give approval for progression of plans or to consider problems achieving plans.

Far from increasing the confidence of the organisation, Boards acting in this way have potential to detract from that confidence in the project and in PMM itself.

Coordinated Control

Proper control routines when implemented intelligently can provide the information required by higher corporate and external bodies, thus simplifying external reports and increasing this confidence level.

Unfortunately very little has been done to recognise the value of information coming from these control routines or to integrate that information with regular corporate reports. For example, the regular Highlight Reports provided by a Project Manager to the Project Board should form the basis of higher level reports. However after three years, there is still no integration between the PROMIS system which provides the higher reports and the Highlight Report. A common reaction has been to throw out one or the other of these reports, rather than to look at how they might be integrated. Projects JP2057 and Air 5367, for example, have developed reports that suit both purposes.

The use of the Open Plan Professional (OPP) suite of tools for project reporting and corporate reporting would have potential to assist in this area. However OPP implementation in any one project is non-trivial and it will take several years before all projects could be using this tool.

Template Driven Mentality

As with any approach, some people learn the underpinning reasoning, think about how it applies to their circumstances and apply it judiciously. There are many good examples of this.

However, there is a temptation to see PMM as an added burden and to address its requirements by 'getting the ticks in the boxes'. Obviously, this will not assist the project at all. In worst cases, examples have been found where projects have merely borrowed plans and reports from other projects and done a global 'search and replace' in the word processor. This is completely meaningless, of course, and destroys the confidence of the Boards, the Organisation and the stakeholders in the project.

Recommendations:

That Project Board constitution be authorised by Division Heads and should be strictly in accordance with PMM.

That Highlight Reports and PROMIS Reports (as well as other plans and reports) be integrated in accordance with best-practice examples.

That program assurance roles be strengthened to oversee and ensure proper training and application of the method.

ToR 2(d) "The impact of the creation of decentralized System Program Offices on materiel acquisition and management"

CONTEXT OF ADVICE

Tanner James is unable to comment on the overall organisation effectiveness of Systems Program Offices (SPO's). The following comments apply to the effectiveness of project management systems in the SPO's and are derived primarily from experience with Aerospace and Maritime Systems SPO's. Aerospace SPO's in particular, and notably the Tactical Fighter, Lead-in Fighter and Strike Reconnaissance SPO's, are pursuing PMM implementation across a wide range of projects. It should be noted that the form of PMM in these SPO's differs slightly from the central DMO PMM, and is applied to minor projects and non-capital equipment projects in some cases.

COMMENTS

From Tanner James' perspective, the creation of SPO's has been a strong positive for project management systems.

The dispersed nature of the SPO's makes support more difficult. However, the SPO's appear to be very focused on delivery of quality equipment within specified time and cost. Smaller co-located groups appear more able to focus on whole-of-capability solutions and much more attention seems to be given to support requirements and costs.

The chain of command appears to be much clearer in these organisations and Tanner James finds that, when it is engaged to assist projects, the projects are themselves committed and enthusiastic about 'doing it right'. The smaller structures seem to mean that there is less time spent editing documents and more time spent thinking about the project direction.

Countering these positives to some small extent have been teething problems with communications and data collection and difficulties obtaining consistency across the SPO's. Canberra-based managers have been well aware of these issues and appear to have taken appropriate action to deal with them.

Examples of projects that have converted and controlled well under PMM in SPO's include the Hornet Upgrade Phase 3.1 (example of an early life-cycle project) and Lead-in Fighter (Air 5367).

Recommendations:

Nil

ToR 2(e). "Any other issues relevant to the effectiveness of the current acquisitions framework which arise in the course of the inquiry"

CONTEXT OF ADVICE

This submission does not focus on what has gone wrong with individual projects but rather on why those problems exist. Accordingly the following relates to systemic issues of project management not fully addressed above.

COMMENTS

The following issues will be addressed against this term of reference:

- The problem of inconsistency
- The lack of integration of project management and acquisition functions and how this can be addressed
- Confusion between whole-of-life thinking and whole-of-life management
- Effectiveness of Project Boards and the role of Governance

Inconsistency

Historically a range of messages has been disseminated about the use of PMM and some of these have confused project managers and Boards about how to implement the method. Compounding this problem, has been a constant stream of rumours about the future of PMM.

For example, one policy decision was that projects well advanced in contract would not implement the method. There were many projects that were 'excused' from implementation around two to three years ago because they would finish in one or two years from that time. Two or three of these projects are now being examined very publicly for perceived failure and several others have not yet finished. Advancement of a project in its life-cycle does not obviate the need for project management but rather impacts on how project management is implemented. It would have been better not to excuse projects on this basis, instead giving thought to any missing elements of good management and implementing those from the PMM framework.

Many Aerospace projects have converted successfully to PMM while in contract. Ultimately this has improved contractor/project office relations.

This is a lesson that needs to be carried into future implementations.

Lack of Integration

Integration of acquisition, capability definition and project management functions is critical for project success. There is much confusion between good acquisition practice, good definition of capability and good project management.

Defence is attempting to address this problem by the development of a Standard Acquisition Management System (SAMS). Our understanding of this is that PRINCE2 will remain at the core and elements like Systems Engineering will be drawn into the framework.

If implemented properly, learning the lessons above from PMM implementation, SAMS will be a strong positive.

Additionally the Defence Capability Life-Cycle Management (DCLCM) model attempts to draw together capability definition with project management. Some thought has been given within the SAMS context to drawing together all elements.

Confusion between Whole-of-Life Thinking and Whole-of-Life Project Management.

Defence has rightly put much focus on whole-of-life thinking in developing capabilities over the past few years. This is the only way of ensuring that a capability is not only technically sound but is cost-effective and supportable. That is, without this approach, there is no guarantee that the lowest tender is in fact the cheapest or best capability.

Despite the sound reasoning behind this approach, it has potential to cause confusion in a project management sense. There is an avid school of thought that extends the concept to state that every project must be managed from 'cradle-to-grave'. The sentiment behind this concept is honourable but its application is flawed.

Firstly, it is essential to <u>think</u> about a project in a cradle-to-grave context. PMM advocates this by focusing on the delivery of the benefits of the project and by requiring a post-implementation review of those benefits.

However, it is equally important to avoid a drift into operational use, as is the risk if a clear end to a project is not defined.

Furthermore, mega-projects that replace entire capabilities will never be just one project. It is likely that each will acquire several core capabilities and a range of support equipment. It is also likely that a range of interim solutions will be required for each and that each project will require changes to other technologies. In fact, each 'project' will derive many projects. Each of these mega-projects therefore needs to be managed as a program with projects deriving from the program over a long period. It is the program that should be driven by cradle-to-grave management.

Each project within a program needs to have defined deliverables, benefits and a clearly recognizable end point. It is certainly not sufficient to apply project

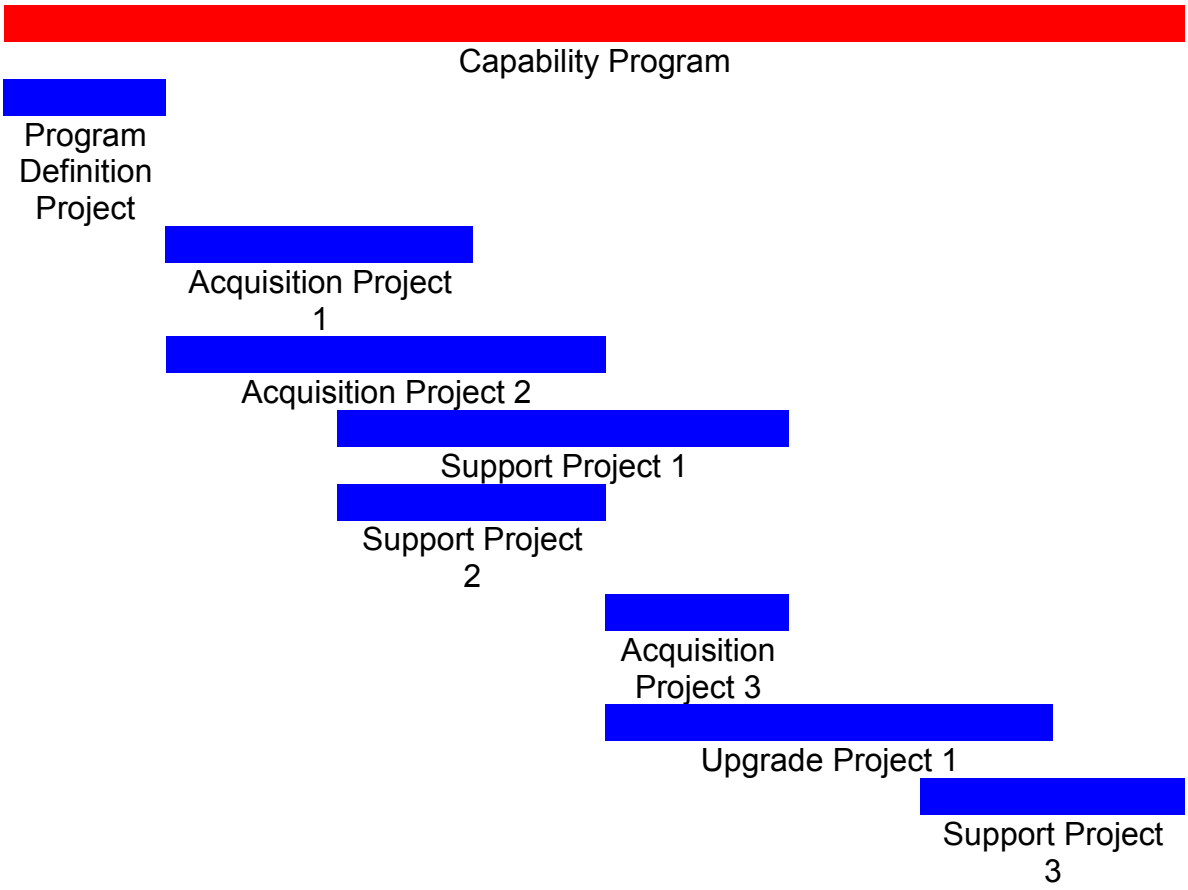
management only to the covering program and treat the underpinning projects as sub-projects.

Difference between Programs and Projects

Program Management is the co-ordinated management of a portfolio of projects that change organisations to achieve benefits that are of strategic importance. The emphasis of program management is the achievement of total benefits of the projects, that is the individual benefits of the project PLUS the synergies between the projects.

Clearly there are many such programs in Defence and they could be sliced in many different ways. Tanner James believes the programs should be identified based on capabilities. Each capability may have one or more programs within it. For example, Air Combat might have Air 6000, Hornet Upgrade, F-111 Block Upgrade etc established and managed as programs.

The following illustrates structure of projects within a program:



The above diagram is a simplistic model depicting a program buying three new technologies (acquisition projects), providing three major support equipment acquisitions and commissioning an upgrade of an existing capability. In this

case, the actual definition of the program is managed as a project in its own right, with products being capability studies and options, plans and approvals.

The model meets both requirements stated above. The proper management of the program gives the required whole-of-life thinking, while managing each element as a project gives a defined end point to each project and provides visibility of the day-to-day functioning of a large and complex program. Each project is properly planned in its own right within the framework of the overall strategic objectives of the program.

The Role of Governance

DMO has recently established Governance Boards covering several of its larger projects. In some cases these are single projects and in other cases the Governance Board covers a range of projects that could be defined as a Program.

The Governance Boards were brought into existence in the light of perceptions that Project Boards (under PMM) did not provide sufficient independence of review and strategic direction. They do not replace Project Boards but rather provide governance advice to the Under Secretary Defence Materiel.

This is a positive move and has been shown to work quite well in a PMM context.

However, regardless of the governance structure, programs need to be established against a clearly defined strategic Program Plan and the focus should be on managing the overall capabilities of the Program.

Recommendations:

Guidance should be sought and given on how to implement PMM for projects that are in contract.

Program Management structures should be put in place based on capabilities.

Programs should be managed as such against clearly defined Program Plans and Vision Statements. The focus of Programs should be the delivery of capabilities from projects within the strategic context of the program.

SUMMARY OF STATEMENTS

Defence is an extremely complex organisation and being a Public Service organisation it is subject of much scrutiny. Failures are noted publicly, while successes often go unannounced.

That said there have clearly been problems in some Defence projects and the organisation should be constantly seeking to improve on those problems.

Fundamental problems in project management have included:

- Lack of integration of PMM with other project management and acquisition techniques
- Underestimation of time and cost
- Inadequate planning before and during contract
- Adoption of a template driven mentality
- Poor structure of some Project Boards
- Lack of control over the products of projects.

There have been demonstrable improvements in these areas over the past three years and the introduction of PMM has been a very significant factor in these improvements. However, implementation of PMM has been patchy and has lacked support in some areas.

DMO are attempting to re-invigorate PMM implementation through the creation of a Standard Acquisition Management System (SAMS). SAMS has potential to be positive if implemented properly but there are risks that the integration will fail if links between elements are not properly recognised.

CONTACT DETAILS

Mr Ray Ahern
DMO Client Manager
Tanner James Management Consultants Pty Ltd
PO Box 1795
WODEN ACT 2606

Telephone:

(02) 6285 6066
(0410) 635 652

E-mail:

ray.ahern@tannerjames.com.au