



A Cracked Foundation:

*A Critical Look at the Role of Baselineing
in Government IT Project Management*

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Objective, Methodology, Respondent Overview

Objective:

- Examine the role of baselineing (cost, schedule, and risk management) and its impact on executing strong government IT project management

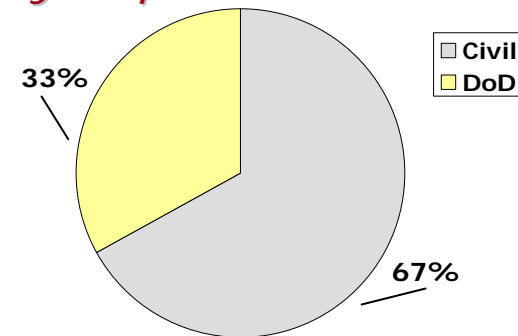
Methodology:

- Online survey executed by O'Keeffe & Company

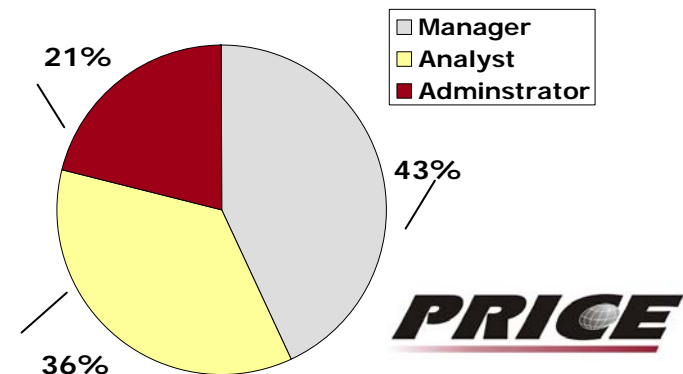
Respondent Overview:

- 104 government IT executives
- 57% have more than 10 years of government service
- 12% participate in GSA's Earned Value Management (EVM) Community of Interest, a public/private sector initiative aiming to allow the flow of shared experiences and best practices

Agency Representation:



Position:





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Executive Summary

- *Strong Foundation Needed*

- Improving government IT project baselines will help avoid failed projects, enabling IT managers to redirect funds to priority projects

- *Tool Belt at the Ready?*

- Agency personnel are not armed with the necessary tools, training, or historical data to produce realistic program baselines

- *Not Ready to Build*

- The top reasons government IT programs run over budget are poor program management, scope creep, lack of proper baselines, and late understandings of risk



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Strong Foundation Needed

46%

of failed (canceled, over-budget) projects can be avoided if IT project baselines are more realistic, according to government IT executives.

Annual savings from project failures avoided/
project value that can be realized with better
baselines.*

\$5.5B

* Assumptions

- Amount of US Government FY07 IT Budget Wasted Due to Poor Planning/Performance Issues: \$12B (Source: [GAO Testimony Before US Senate – September 7, 2006](#))
- Percentage of Failed Projects that Can Be Avoided with Better Baselines: 46% (Source: PRICE Survey Responses)





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Tool Belt at the Ready?

Government IT Executives Sound Off...

Do your teams have:

Adequate training in risk identification and management?	77% say no or unsure
Adequate training in initial baseline development?	73% say no or unsure
Adequate training in technical project management?	67% say no or unsure
Necessary methodologies to collect historical data to produce realistic estimates when the baseline changes?	60% say no or unsure
Necessary historical data to produce realistic baselines?	58% say no or unsure
Adequate tools to manage the cost estimating, control, and reporting processes for IT programs?	54% say no or unsure

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Tool Belt at the Ready?

78%

Government IT executives who believe their teams/programs managers do not have adequate training in cost estimating.

Hand in hand with training challenges, government IT executives have low awareness of existing resources such as GSA's Earned Value Management (EVM) Community of Interest – just **12%** are involved with this resource.

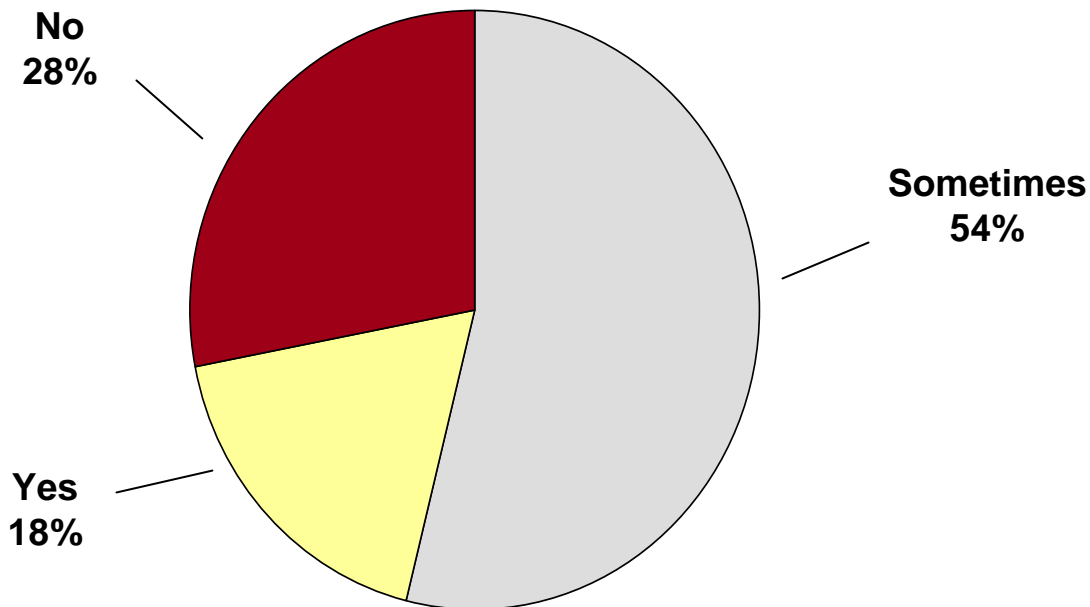
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Not Ready to Build

Are IT program budgets realistic?



Just **18%** of government IT executives express confidence in their IT program budgets





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Not Ready to Build

69%

Percentage of government IT executives who report noticing problems about midway through projects.

Amount of FY07 government IT budget will be wasted due to poor planning/performance problems, according to GAO.*

\$12B

* Assumptions

- Amount of US Government FY07 IT Budget Wasted Due to Poor Planning/Performance Issues: \$12B (Source: *GAO Testimony Before US Senate – September 7, 2006*)
- Percentage of Failed Projects that Can Be Avoided with Better Baselines: 46% (Source: *PRICE Survey Responses*)

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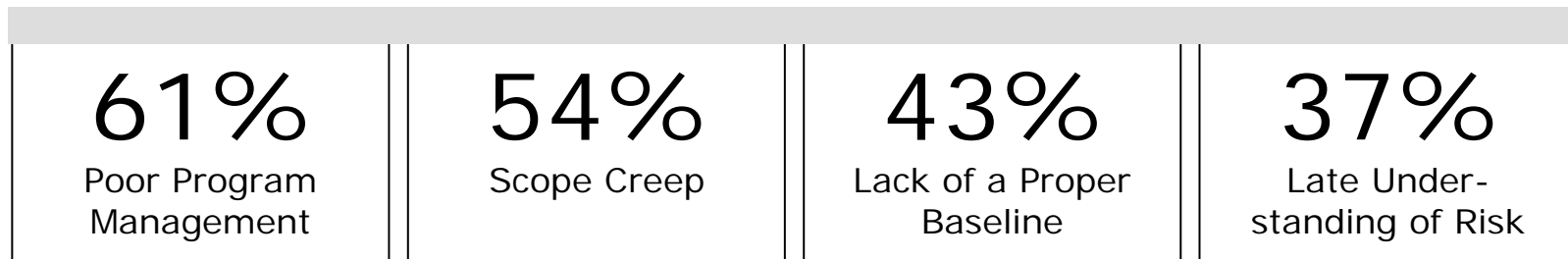
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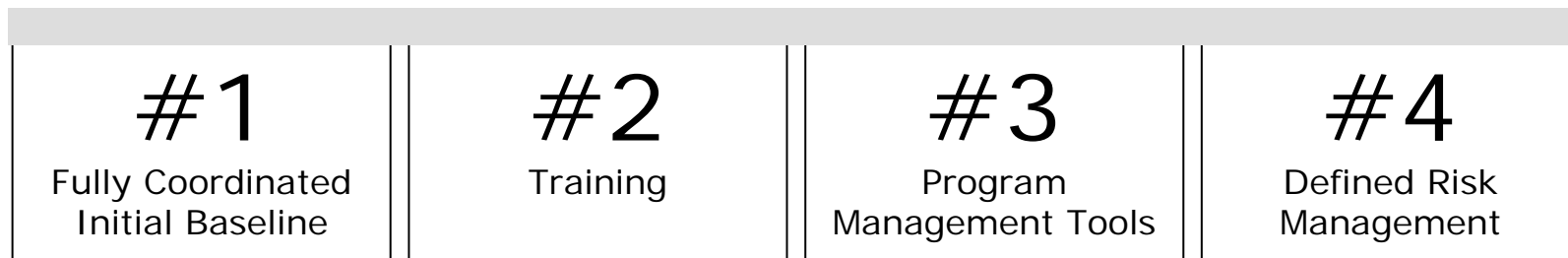
Not Ready to Build

Government IT Executives Sound Off...

Why over budget?



What helps? Most important tools for keeping IT on budget.



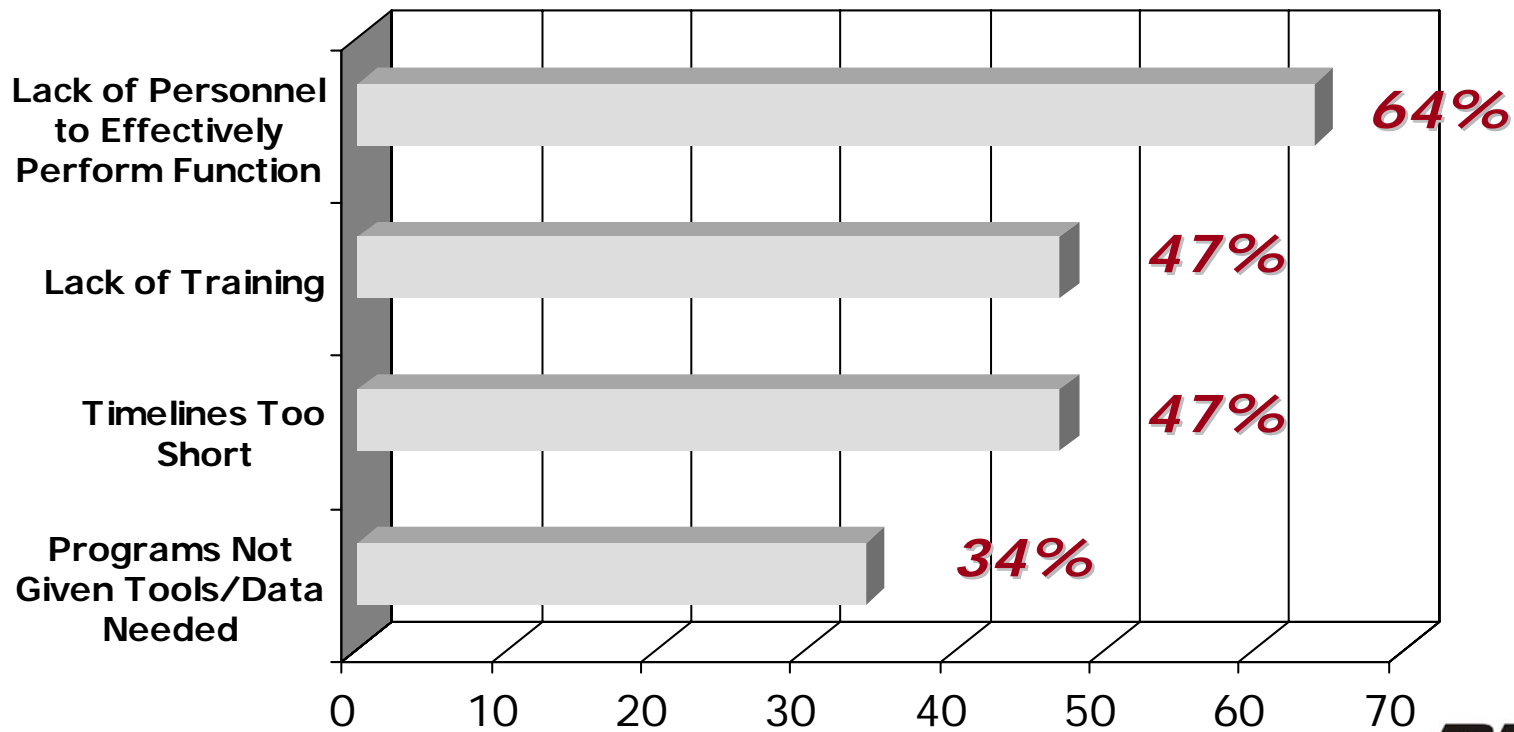
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Not Ready to Build

Why do program managers fail to establish effective baselines?



% of respondents stating the issue impacts development of initial baselines

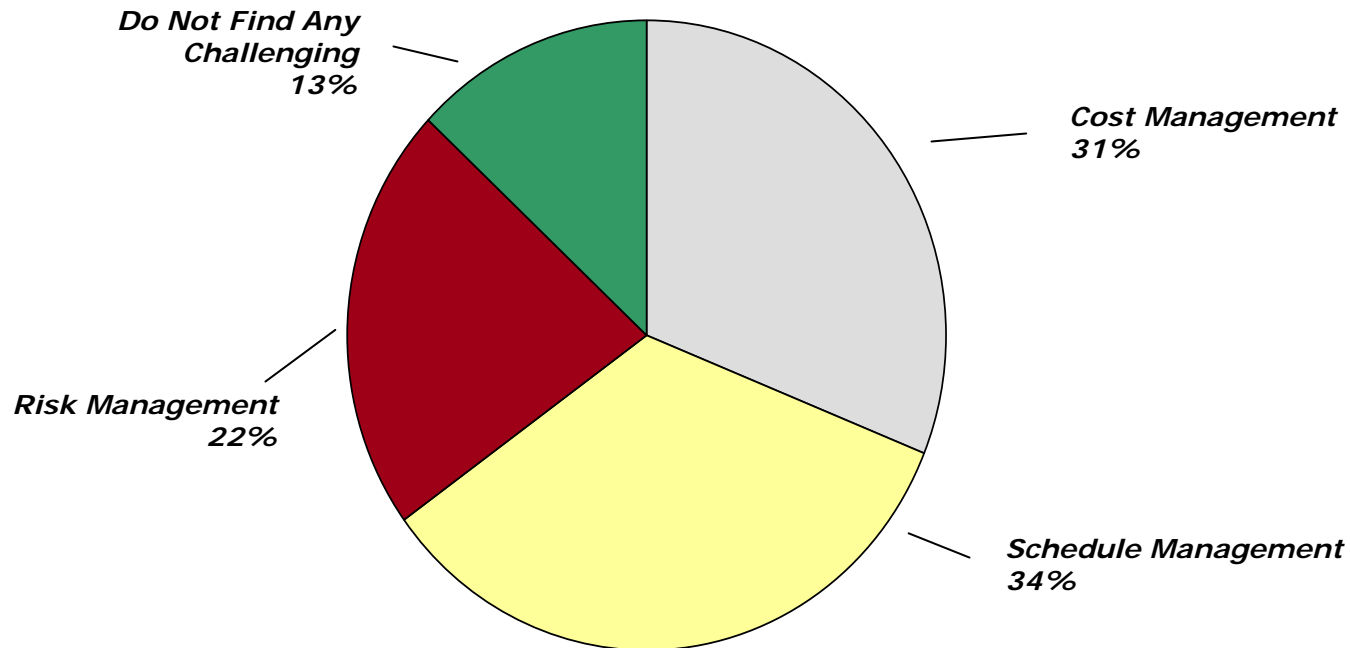
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Not Ready to Build

Which of the baseline elements is most challenging for your organization?



Even Spread: Cost, schedule, and risk management challenges go hand-in-hand





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Conclusions/Recommendations

Better Foundations Needed

Despite the importance of solid cost estimates to project success, agencies have neither the training, tools, nor processes available to develop and manage realistic baselines.

Based on these findings, PRICE Systems recommends agencies do the following:

1. Assign responsibility for program affordability management
2. Integrate cost estimating, project control, and knowledge management into one team
3. Provide effective training and certification
4. Implement a methodology for regularly-scheduled, independent baseline reviews
5. Establish the use of a reusable, knowledge-based framework





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Affordability Management Resources

*For more information on program affordability management,
please contact:*

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Affordability Management Resources

For government examples on program affordability management in action, please visit:

- *[Affordability Simulation: Cost Analysis in a Simulation Environment \(Department of Defense\)](#)*
- *[Affordability Management in a Performance-Based Acquisition World \(Office of Management and Budget\)](#)*
- *[Calculating a Program Office's Return on Investment](#)*
- *[Making the Case for Program Affordability Management](#)*
- *[Program Affordability Management Centers of Excellence](#)*
- *[Six Steps to True Program Success](#)*