

Driving Successful Delivery of Major Defence Projects: Effective Project Control is a Key Factor in Successful Projects

Interview extracts – Ministry of Defence personnel

Overview

- 1 This detailed source of evidence is intended to supplement the main report and is aimed at Ministry of Defence (the Department) personnel, wider defence industry and other major projects practitioners.
- 2 We conducted some 30 semi-structured interviews between May and September 2004, with acquisition and project management experts and senior management stakeholders in the Department (see Figure 1 below). Our framework of questions covered key issues from their perspective, what works well, what could be improved and how things could be done differently to enable better tracking of project progress. Most of the interviews were with one or two interviewees and were held in the Department's offices in London, in the Defence Procurement Agency in Bristol and at various Defence Logistics Organisation sites. Each interview lasted between one and two hours and the majority were tape recorded. The recordings were transcribed and the transcripts fed into textual analysis software which enabled the study team to group and analyse quotations and recurring themes.
- 3 The rest of this document contains extracts from each interview transcript grouped under the thematic headings that emerged during analysis. We have sought agreement from all interviewees on the basis that extracts are non-attributed. This is in order to maintain the confidentiality of our interview process. The extracts have also been edited for this format.
- 4 A terminology guide can be found at Appendix 2 of the main report which is available on www.naodefencevm.org.

Figure 1. Interview coverage

	Defence Procurement Agency	Equipment Capability Customer (Customer One)	Defence Logistics Organisation	Front Line Command (Customer Two)	Investment Approvals Board	Defence Management Board
Experts and stakeholders interviewed	6 x Board members; Secretariat; Central Finance and Planning Group; Integration Authority; Price Forecasting Group; Information Solutions Group; Procurement Development Group; Supplier Relations Group	1 x Director Equipment Capability Expert involved in development of Single Points of Accountability	2 x Agency Chief Executives	RAF Strike Command	Secretariat Directorate Deepening Smart Acquisition	1 x Board member Defence Plans and Analysis Senior Responsible Owner (Carrier Strike)

Extracts

Approvals - business cases

“[The issue is] separation between assurance and the things that need to be in the business case for the Investment Approvals Board (IAB) to take the decision. There’s a whole raft of assurance activity that needs to happen all throughout the project’s life; the IAB is saying we don’t need to see that to take a decision, you know contractor A or contractor B, we don’t need all that detail. We expect that to have gone on so that we can take a decision on a sound basis. They also want to see eight page business cases and no longer rather than 30 page business cases as we had before.”

“Business cases tend to take, because they staffed at various levels and they’re produced fairly early on, six months or so before they actually finally come forward.”

Approvals - refinement

“IAB are absolutely determined that they are going to start making investment choices rather than checking number work and stuff. It’s a more efficient handling of business, so when there is a decision people will just get on with it and won’t feel frustrated by the process.”

“What they wanted to do was make an absolutely clear statement that you have to manage down costs within the affordable boundary, rather than always assume there’s a bit more money. Hence the assumption is you’ll always be approved at 50 per cent confidence [most likely] but recognising that some projects have different risk profiles.”

“It was a behavioural [issue], projects filled out the risk register, number crunched through the Monte Carlo simulation, out popped the ten, 50 and 90 per cent [confidence figures] and they just got approved at the 90 per cent which doesn’t encourage them to understand their risk profile, to understand what the key drivers are.”

“We now very clearly approve at the 50 per cent level and what the Chief Defence Procurement is doing within the Defence Procurement Agency is saying you’ve got to understand that success is actually delivering a project below the 50 per cent level.”

Contract – Earned Value Management (EVM)

“We increasingly believe that Earned Value Management techniques incorporated into our higher value contracts will give us at the very least early warning of an issue that is arising.”

“And whilst we are incorporating EVM into our contracts where we judge that to be appropriate, we are still in negotiation with industry about the precise way in which we’re going to manage EVM data. The principle of EVM is not in dispute its how we actually apply it.”

Contract - payments by Earned Value Management (EVM)

“And the other issue is payment value and value of the financial aspects and the fact that we actually start to pay industry on actual accomplishment.”

“So it can help but it probably is still a bit of an aspiration because there are issues around payment by earned value as far as budgeting is concerned; the payment by earned value might give a slightly different profile of spend to what we’ve got in the budget.”

“Industry start to become enormously nervous and especially when we then go on to consider whether full payment is appropriate or not. What we have suggested and I think

have negotiated in one or two cases is to say that an interim payment will be based X per cent on general progress and Y per cent on what EVM tells us.”

Contract - working with

“Once you start pouring over the details of the contracts you’re in deep trouble, it’s too late.”

“‘Deconstruction’ and what that really means is breaking down our contracts into shorter periods or check points within a longer running contract where the MoD will have the opportunity to say ‘is this contract taking us where we want to be or have we been too ambitious’.”

“We would say to the company either here is your three year contract but here are break points at the end of year one and year two, broadly. Then we review progress and if we don’t much like what is going on, we have this automatic right of exit.”

“We can renegotiate things like milestone payments and you can see quite a lot of flexing about within a contract: multiple contract amendments but actually the programme keeps moving.”

“Those that aren’t any good at renegotiating are the ones that fall almost immediately into liquidated damages and sit there watching each other and it’s hugely frustrating when you look at it from where I see it.”

“And it’s getting that message through that actually a problem shared is a problem halved.”

“It’s no good having a beautifully written contract that is legally foolproof if by implementing it to the full you actually are driving your supplier out of business and lose control of your asset. You know it might make you feel good in court, but you still haven’t got the ship. So I actually think that the commercial issues are tied up completely with the project performance issues.”

Corporate – Defence Management Board Balanced Scorecard

“The defence balanced scorecard is precisely what it says - it gives an overview and I think it’s very effective at providing an overview.”

“There is no point in the Defence Management Board (DMB) getting drawn down into the detail of managing individual projects. It would be very helpful for the DMB to have some advance notice of problems that are being identified through the regular quarterly reviews.”

“So we use the same information that we gather for putting together the monthly performance report to the [Defence Procurement Agency] Executive Board and we use that to report on a quarterly basis to the Director of Performance and Analysis in the Centre for the MoD’s Balanced Scorecard.”

Corporate – Defence Procurement Agency (DPA) Corporate Management Information System (CMIS)

“It is a nice simple system. However, whether the Integrated Project Teams (IPTs) will populate it without some significant change programme perhaps on the scale of the IPT Break-Through, I doubt, I just don’t think its there.”

“We have almost had to start from scratch because the previous processes and the tools we used to support it were not working, so we have tried to improve the process by going back to fundamentals.”

“We’ve now moved on, this financial year rolling out a proper database version of our interim system that is slightly more complicated. It requires IPTs to be slightly more rigorous in recording the changes to the forecasts and explaining why those changes have occurred.”

“What we need to ensure now is that the IPTs are persuaded that this really is crucial data and therefore it really is important for them to keep it updated once a month. And what Defence Procurement Agency Secretariat (DPA Sec) are able to do as a consequence of that is to identify for the Board meeting where projects are starting to deviate from the expected path. We can then ask ourselves essentially through the Operations Directors whether there is anything we can do about it.”

“Previously it was fill in the forms to keep someone in DPA Sec happy and I’m exaggerating but it probably felt like that in certain areas.”

“Now you know that the Board are going to look at it and will actually review those pages of the performance report which are put before the Board every month and questions are asked and get very quickly back to the Integrated Project Team leaders and one or two of them have been surprised by the swiftness with which a response comes back when they’ve completed their return, which is good.”

“[I’d] like to see consistency between the cost to complete and the time to complete with the narrative on the project and the in-year spend and anchor milestones and the other issues behind the project.”

“My concern is that completion of the CMIS is a separate event that bears no relationship to what’s actually happening on the project but if I see, for instance, a risk emerging I would expect the costs to complete to increase because allowance should be made for that risk, and there’s nothing wrong with that.”

“It’s a good way of detecting low level drift which is another problem that we might get; that actually there isn’t a sudden event which has made things worse but there has been just a slide off in a particular direction and those are important features.”

Corporate – Defence Procurement Agency (DPA) /Defence Logistics Organisation (DLO)

“The first thing to say is that you can’t make a simple comparison between the Stocktake changes and the transformation programme which is emerging in the DLO, which is on a much, much bigger scale.”

“Critically, we’re making sure that what we’re doing is not inconsistent or incoherent with what the DLO is doing on its side.”

“We maintain contact with the DLO on developments in performance management and there is also a specific work stream of activity within the DLO and DPA Joint Working programme to try and 'get more joined-up' about the way in which we do things.”

“There’s a very strong move to try and create a common set of technical services across the whole of acquisition, which is happening in stages.”

“There’s a technical enabling services study going on at the DLO which is looking at joining up the DPA and DLO technical enabling services.”

“Responsible for performance, governance and output - how many two-stars in the DLO, certainly in the DPA, are responsible for that? They're not because their line of delegation goes from Chief Defence Procurement to the IPT leader, the bit in the middle seems to have no role, that's not true here but that's the way the DLO wants to go. In my view that is a serious, serious managerial weakness. The people who were supposed to be managing the enterprise do not appear to be an executive authority over the people or projects they're managing.”

Corporate - failings

“We don't have at the moment something which a private sector person would recognise as a business management system.”

“The complete absence of performance management information has been an issue for at least four and five years.”

“Maybe it's a cultural thing within the MoD but far too few good ideas reach their way to senior decision-makers.”

“Our management of suppliers is higgledy- piggledy at best.”

“I think it's been a failing of our system that we get all of this data and put a lot of effort into getting the data and then haven't got the resource to then analyse it; as soon as we've got it we're then worrying about next month's raft of data.”

“We do have trend data that goes back some years but the older data is less reliable and it's not as easy to manipulate.”

“There are definitely still gaps in the information.”

“The Internal Audit team look[ed] at the old management information system and how many reports were returned on time. Each of the Category A to C projects that are post-Main Gate, pre-In-Service (which is of the order of 65 projects) were supposed to report on the management information system each month and typically the return rate was about 25 per cent.”

“But we’re still aware that there are some areas where some of the information we are receiving is probably not as robust as it should be.”

“Smart Procurement: Smart Acquisition was introduced without any real thought of corporate governance of risk management and I just can’t understand how the powers that be allowed this to happen.”

“There was not a formal structure in place under which corporate governance and risk management was done.”

“There was virtually no engagement from all the functional experts around the organisation so we really wanted to try and engage much better the functional experts.”

“With some projects we were getting to the Investment Approvals Board (IAB) and there were some fairly fundamental questions hadn’t been asked and therefore this was really not appropriate place to have got to the IAB in first place.”

Corporate - finance

“Well pre-Stocktake I think it had a remarkably low priority in reporting [...] I was very surprised by the lack of visibility of costs to complete.”

“The financial controller is the key to all this because they will ensure that the quality of the data is good quality and typically there’ll be a financial controller in each IPT, who’ll be 75-100 per cent of his time on finance.”

Corporate - governance

“More important is the change that means that in the past we used to measure our performance against breaches in the approvals level. So time or cost slippage only counted against us if we went beyond the Main Gate 90 per cent confidence figure. Now we’re measuring any change in-year and I think that’s going to be an even more significant factor because in the past with the Key Targets as they were some of the slippage that was happening between 50 per cent and 90 per cent was not obvious to the Agency or the Executive Board.”

“There was so little emphasis placed on suppliers.”

“I think most people acknowledge that actually we wanted more engagement at two-star level.”

Corporate - improvements

“We’re very keen to develop what any other organisation would recognise as business management, or a business improvement, system within the MoD which clearly identifies responsibilities and accountabilities.”

“But we should also be trying to use management information to look at whether there are systemic issues across the Defence Procurement Agency and I think that’s an area that we have not been very good at in the past and we are working to improve.”

“The way it will be happening at each of the operational directors is going to have a business analyst who will have a key role. One of their key roles will be to pick this sort of cross-cutting type risk issues.”

“We’ve improved the software, the reporting mechanism, whereby the IPTs report to the centre, to the Board. It was previously quite cumbersome [...]”

Corporate - learning lessons

“And the other thing is can you really be a team player, not only for yourself and your project, but your colleagues. So we also group them in clusters [...] whereby the cluster leader who’s normally at director level ensures the best practice is shared between the other projects.”

“The other thing I actually have is I allow a degree of anarchy. And by that I mean innovation and pilots can be run by these guys [...] we don’t all do the same things the same way all the time on the floor plate. A degree of anarchy is permissible until we’ve actually teased out that actually this is the right way of doing it, and then we all do it. [...] So we experiment quite a lot so we can learn from our errors and mistakes.”

“We’re not terribly good on post project evaluations I have to say because we have so many of these and we have like 12 of these a year if you did them all you’d end up with a nightmare of activity. So we’re not good at that.”

“At the DPA we don’t keep records of the complete project history in one or two sheets of paper. People always argue that each project is going to be different. Well that’s true up to a point but I think looking back at how long the previous project took, how much it cost and then how particular companies performed is actually very relevant and we should be feeding that into our project plans.”

Corporate - monthly reports

“The things that I would find most useful to have, particularly in projects that are post Main Gate, would be some sort of risk budget and Earned Value Management.”

Corporate - reporting overhead

“You shouldn’t be able to tell the difference between it being a Defence Procurement Agency corporate demand or a Defence Logistics Organisation corporate demand. At the moment, if we take finance, Integrated Project Teams (IPTs) are actually required to submit very different sort of financial information using different financial spread sheets using different IT tools for the two organisations.”

“But our management accounting is awful. It’s very difficult to get proper management accounting information presented to groups and to the Board in an easy to assimilate form. Obviously, often you’ve got, for example, an IPT that’s dual accountable. You’re still to some degree reporting under two different systems, so we’ve got to do something about that.”

“Now we don’t have to have standardised reporting because the range of projects are so complicated that it would be difficult to do that. [...] We have some metrics for example we have a common balanced score card for each of the equipment IPTs.”

Corporate - risk

“The other dynamic that’s going here is the difference between high value projects and low value projects on the basis that low value projects, if they’re given a large approval and they manage their own risks, are not a big dent on the budget. With the high value projects if the risks are bad we can’t afford to allocate funds, risking money to each project, so actually the Department as a whole needs to start making a choice and that means the Investment Approvals Board (IAB). So the higher value projects are likely to

be approved much nearer the 50 per cent mark irrespective of what their risk profile is than the smaller projects.”

“The IAB will still be interested in the three point estimate spread so that won’t detract, this is really just to try and encourage projects to think more about their risk profile.”

“I think one of the really strong things that the PA [Consulting Group] came across is that if you’re trying to calculate the right level of contingency to fund in the programme, you need to look at a group of projects rather than an individual one, although I think I would argue that when you have a project the size of Typhoon you should actually give it special treatment, because if you can’t rely on the 50 per cent probability being compensated for somewhere else when the programme just dominates everything else in its way.”

Corporate - senior engagement in projects

“If they’re big major projects to run I’m normally involved in the review of them personally. And in an executive capacity normally as well [...] I review it personally with the contractor every six months, with the Chief Executive, personally. [...] So they know, my team, that I’m associated with the success of this project.”

“Our support people [...] can be more dispassionate about where the project is. So we can encourage a more critical examination of what the project information is telling us. We can take a more distant view and say are you sure the evidence says that, have you thought about, have you considered what this or that impact would be? So you could take that kind of you could almost say disinterested view and say is that where it is.”

“From time to time we’re going to have to look at the programme, we’re going to have to look at the project team and say it’s changing. And again that’s something that we can do. You know if you have a failing component in the team, find a new team and find a new project they can do something about it [...] is what the [Defence Procurement Agency] Operations organisation is about.”

Culture - how to change

“Be clear in communication terms about what you want them to do and how you want them to do it differently. They’ll change the behaviour if they’ve got the confidence that

you have given them the skills and competences they will need to behave in the new way.”

“If you get the trust, the communication, the skills and the processes together, they create the culture that drives behavioural change and anyone who believes you can do that in a short timescale is living in a fool’s paradise.”

“People are now beginning to appreciate the need to provide management information for corporate purposes and I think one of the biggest influences on that has actually been our new Chief Defence Procurement (CDP), who has taken a lot of interest in what the Performance Report is telling him. CDP has been asking questions related to it and hence providing that very important positive feedback to Integrated Project Teams (IPTs). It gives the message that somebody and somebody very senior is actually looking at the performance data and paying attention to what it’s saying and therefore people have become much more focused on the need to provide accurate and timely information.”

“You also have to have a non-threatening environment.”

“It’s not a crime to be wrong. It’s not a crime to make an error but it is a crime if you do it twice and you haven’t corrected it. You have to be tolerant because if I am not tolerant of people’s errors then of course they hide things.”

“One of the potentially unfair points is that we do have some large cultural changes that we need to embed in our people. Most of our people are very ready to make those changes, but we need to give them a coherent drive to make these improvements.”

“If the people who are at the working level see the three board members behaving in a certain way they’ll get the message that this is now the way to behave.”

“But we’ll drive in a culture that talks about accountability and measurability and say we will see Project Performance Reviews that are much more demanding. We will see scrutiny which is much more demanding against for the IPT leader and against the Director Equipment Capability.”

Culture – Integrated Project Teams (IPTs)

“I was sat in the IPTs and the corporate centre might as well not exist unless you’ve got a showstopper. [...] There needs to be a much wider communication effort.”

“Does the IPT Leader manage the programme and the IPT or does he manage the external relationships, or does he manage the team building and the drains!?”

“I’ve not been that convinced in the past that Key Targets have been something that the average IPT leader thinks about as the reason why they exist.”

“And one of things we went quite weak about because of empowerment is compliance. I’m just amazed how difficult it is to persuade and enforce all these IPTs and all their members to do things, never mind Customer One and all the people elsewhere in MoD.”

“The fact that people know there’s always a room for their escape leads to subconscious patterns of behaviour.”

“You could easily perceive that we’ve stuck an extra layer of management in between the Team Leaders and the Chief Defence Procurement.”

“I’m not one of those that believes IPT leaders are actually what I call empowered and therefore are free radicals. They have to work within the constraints I’ve laid down.”

“I think we’ll always be bumping up against the cultural differences of recruiting and training people to work in IPTs that are very focused on a single outcome and the clash there then is when you start talking about what about the wider business.”

“Teams have got to have a clearly bounded task to take forward and then the new arrangement under Smart Acquisition was to give them as much freedom on implementation as possible.”

Culture - no surprises

“This ought to be a no surprises culture we are looking for here. [...] The ability to flag up early when there are problems, systemic problems developing with particular projects.”

“We’ve got to create a culture in which people recognize that identifying problems when they start to emerge is infinitely preferable to burying the evidence until the problem is unmanageable. [...] They’ve got to know that when they put their head above the parapet there’ll be a whole lot of other people putting their head above the parapet to do the same thing. [...] And that’s essentially trust, it’s all held together by culture but its trust and you know confidence that this is they’re part of a movement that is a critical mass.”

“I think the aim is to drive in a culture of accountability.”

Culture - openness with industry

“But on occasions on some of our major programmes we can go to a meeting where you’ll have 35 people from the industry side on one side of the table and 30 from MoD on the other side of the table and sometimes when the dialogue gets going the detail sometimes gets lost.”

“I’ve found if you’re open and honest and prepared to discuss things it has a material impact on how you actually do your business.”

“I mean if you are going to change cultures us working together and delivering training together has got to help I would have thought.”

“It’s all about how we then interact with industry once the project starts.”

“And I’ve always found that when you level with industry it’s a damn sight easier because you all know what point you’re marching from.”

“But it goes back to what is the level of confidence you’ve got in the original price you put into your original estimate.”

“I think that’s where culturally we can actually make a huge improvement which is actually once somebody has bid for a contract and they’ve accepted it they should have the same motivation that we have.”

“I think one of the important contributions that we can make is to establish very strong relationships between the project team and the contractor so that they actually share information on the programme as a whole.”

“I think post contract award you can share almost everything.”

Culture - optimism

“There is an instinctive conspiracy between industry that will promise anything, the frontline customer who wants everything, the Equipment Capability Customer who thinks it’s his job to produce everything and the IPT team leader who says well you know there’s the cost, time and no option I’ll go and pursue this.”

“[For example], the company has not wanted to disabuse us of the possibility or impossibility of achieving that so we sometimes enter into an arrangement where we’ve almost conspired with each other to say that something is achievable by a date, when realistically it is not.”

“So yes you can see the spirit of optimism that people get swept up. [...] You know the conspiracy of optimism if you end it that would help just hugely.”

Culture - reporting bad news

“And again I think there is an endemic view, a behavioural one, that bad news equals a black mark.”

“I think people are still quite anxious in our organisation. I have to say the new Chief Defence Procurement made it quite clear after his appointment that he wanted all the teams to be open and honest and if there were issues to tell him and get them out into the open.”

“[On project review and assurance], there’s no one there to say whether or not it’s the right way because we haven’t the resources to go and check it and provide the rings of assurance. So the authors [IPTs] themselves are a bit shaky on what they’ve written but the main thing is you do not provide any information to the corporate centre because you are beaten up with it. You’d have to be an absolute lunatic to provide your real situation; these are some of the real problems that we haven’t properly thought through.”

“A ‘blame culture loyalty’ - it depends where your loyalty is.”

“There’s also the uncertainty caused by people failing to communicate when they should.”

"I believe the Board when they say that you know they're trying to avoid a blame culture and they want honesty and openness, and certainly the Chief Defence Procurement has gone out of his way to say to people 'bring out your dead'."

"In that sense I think the quality of data that we get is better. We are increasingly creating a climate within the Defence Procurement Agency (DPA) where IPTs recognise that if they hold back information they will be castigated and potentially quite severely for it as a consequence. Certainly within the MoD, and I suppose this is very much anecdotal, the impression I have been given from any number of comments I've heard is that the DPA is streets ahead of other Top Level Budget-holders in the MoD in terms of the quality of management information that comes forward at Board level."

Culture - stovepipes

"The most usual weakness in our organisation is that the risk registers are usually compiled by project teams who see risk in their context rather than at the departmental level."

"The other, which is in a sense almost an inversion of some of the things that we've been trying to do for three years or so since Smart Acquisition really came in, and that is what we want to do is to ensure that there is an appreciation at the team level that there's something bigger than the team that's going to have an impact on them. So you know you're fully empowered but by the way you're only empowered as long as a piece of string is."

"It's entirely proper that they see their project and they drive hard for it, but occasionally you know they need help and it's not surprising if they turn around and say actually I would rather do without the help. And then we have a discussion about whether or not they have the option. It's not a big issue but it is a cultural thing that you know actually you are empowered but you need to understand that this isn't your money its taxpayers money being spent on behalf of the taxpayer."

"But there is a whole culture here which is about having a basic suspicion of what industry wants to do, the customer having a suspicion of what the DPA wants to do and we need to be much more confident that people understand the overall and the end result and are trying to achieve it. So you can you know you can inject difficulty or you can remove it."

“The MoD is still a collection of tribes [...] the system doesn’t encourage them to behave collectively.”

Delivery – 80 per cent solution

“We’ve got to get to the sort of philosophy that getting it 80 per cent right is probably good enough.”

“[In terms of] certainty rather than uncertainty, I think you only get certainty by curbing your ambition in terms of what you are trying to achieve.”

Delivery - unrealistic expectations

“If you could see how an equipment line [in the budget] was initially created and how it then became law you would understand why we had the risk. [...] If you start off with the wrong timescales and the wrong programme funding line then you have absolutely no chance of delivering to the performance that the customer wants.”

“What happens is that the Director Equipment Capability (DEC) and Integrated Project Teams (IPTs) set the time plan and put together the first Equipment Plan costing line at the early stage of concept or pre-concept. The expectations are set for customer one and customer two; people start planning around that date to take kit out of service or get trained people or whatever it might be and yet you don’t know what the concept is. The plans are not backed up by substance.”

“I would argue that you shouldn’t really be setting a P50 [budget line] until you’re about 15 per cent of the way down, certainly if you are designing you wouldn’t do that until you were getting close to 100 per cent of the design man hours, to actually set the parameters and declare publicly this is now the in-service date.”

“I think one of the key problems we have in our system is that our budgeting system causes projects to go wrong because as night follows day, if you just jump £20 million out of a programme and say well crack on and deliver the same thing, you ain’t going to deliver it.”

Early phase work

“I’m not wedded to 15 per cent [of total procurement spend spent early on] [...] It may be a target in some cases but the key is to do the volume of work that is necessary properly to address the risks before we take the main investment decision at main gate.”

“With Smart Acquisition there is an encouragement to keep as many concepts open because we are meant to be looking at capability. But actually if you leave those open for a long time all you’re doing is compressing the real project, because you can’t start the de-risking work until you’ve narrowed it down to one equipment concept. This means you can’t get the research done in time because you can’t afford the resource and research into several different concepts.”

“If you’ve used the assessment phase properly then you will understand what the critical path is, what the dependencies are, and what the probability is around each of the major events on that critical path actually are. And therefore you will know in conjunction with the Earned Value Management data where you are at any one time.”

Gates - assurance before

“The Defence Procurement Agency (DPA) Executive Board is itself now looking at business cases. [There was] very good behaviour about two weeks ago where the Executive Board reviewed two business cases and said at this stage we require further assurance.”

“But what it will allow the Investment Approvals Board (IAB) to do is to know where the strength and weaknesses of the project are so that they can make a much better balanced decision.”

“So that at DPA Board level we have a situation when a programme goes forward to IAB for the main investment decision where the DPA has a greater degree of confidence in deliverability than we’ve had in the past.”

“More thought at a higher level in the DPA on these projects before they go to the IAB, which means things take longer but actually hopefully when we get the cases they’re better thought through.”

“At the critical decision point stage are we the DPA prepared to put our money; you know our reputation really, behind this project proposition. In a sense you go much deeper, you ignore some bits of the dashboard because you reckon they’ve been dealt with and you really go for the jugular of other things that are critical, and I think that we should do a more structured sort of challenge review, red team review, of these things.”

Gates - problems

“I think we’ve allowed the Initial Gate hurdle to get too high.”

“IAB got a little bit drawn into recognising that it had an approvals role but also that it needed some sort of assurance role as well.”

“Broadly at Main Gate we were almost setting the hurdle too low because well we’ve been at it for a while and we’ve published the in-service date and we’ve said what its going to cost and oh dear its going to take longer and cost more than we thought but we’ve got to find a way of getting it through Main Gate.”

“People started to sort of engineer it so that the 90 per cent estimate was a more palatable figure and wasn’t actually a true 90 per cent estimate.”

“Trying to get away from having Main Gate as a fixed point in time which is set some years in advance and actually trying to change the culture so that we actually made sure that the projects only went through the approval points when they were ready to, when they were mature enough, rather than just because that was the date they had set at some point in advance.”

Gates - refinement

“Ideally you should be putting a significant number of projects more through Initial Gates than making the pass at Main Gate.”

“The timing of the gates is a different issue, clearly main gate could be further back, initial gate ought to be further back.”

“But what I keep saying is that’s fine, you’ve got two gates, but there’s no reason why we can’t have way points and hold points and check points of our own inside that space and actually maybe we should be measuring ourselves against points that we’ve set.”

Key Stage Peer Reviews - benefits

“I think the reviewers from the DPA that have done this have been quite surprised with what they’ve been able to learn as well what they can contribute, they can really learn from seeing things done elsewhere, so I think its very powerful.”

“It helps give them a sanity check by having that completely independent review.”

“It’s a quick and dirty [...] but actually the Senior Responsible Owner needs it quick and dirty because the delivery of the nuts and bolts is down on the line, his job is to understand in this bigger stage.”

“Key Stage Peer Reviews are not yet mandatory, but it has been strongly advised that they should be held, and whereas previously Gateway Reviews were done for the IPT leader [...] increasingly we are seeing Key Stage Peer Reviews being done for the Director Equipment Capability (DEC) or the DEC and IPT jointly - and for Senior Responsible Owners where these are in place.”

Managing competition

“I always set a challenge to my commercial people that we need to strike a balance between pursuing competition to the point at which you know you’re so locked into a particular solution that whether you like it or not that’s what you end up with. And on the other hand having a competition on the basis of something that is inadequately defined in terms of what your final outcome is going to be.”

“To go with it on the basis of open books, trust, you know working together, shared objectives and you know sharing management of risk, profit/loss, incentivised contracting arrangements all that sort of thing.”

“Prior to the main competition there’s no real incentive on the companies to come forward and say sorry you’re being too optimistic, your costs are wrong, you’re times are wrong, because they’re in competition with their peers.”

Metrics – Earned Value Management (EVM)

“You have got to have those as milestones expressed in terms of earned value and you’ve got to track against a road map expressed in terms of earned value to have any confidence that you’re you know you’re actually going to be delivered and be able to at the end of the day.”

“There will be an overhead especially for some of the big complex projects. You know we’re not hiding from that but we don’t want this to be a sort of if you like cash cow if you like.”

“It definitely can help us definitely can give us early visibility.”

“We have not given people clear guidance on what aspects of Earned Value Management really should be used and how it should be used.”

“We are convinced that EVM has the prospect of helping us understand on a regular basis what the likely outturn, particularly in terms of time and cost, is going to be on our programmes.”

“We would not consider using EVM below a certain value threshold [...] I think also it will be for the more complex cases, those that involve development or demonstration or similar activity [...] So at the very least we have early warning if there is a problem.”

“If you’ve got a project that is doing EVM then you’ve got a fairly strengthened benchmark against which you can determine whether they’re actually likely to hit their targets or not. If they’re not doing EVM you’re far more reliant on how good you are at questioning them on the key issues.”

“Some use it as a proper tool; some use it as a flag. And I don’t think there is a consistent approach in industry or ourselves yet.”

“But planning only gets you some way, regardless of project value what really matters is can you implement it and hold people accountable to actually making progress and Earned Value Management just tells you how much you’re missing the target by.”

“I think earned value [management] is good so long as you are able to get the right level of granularity in the project. And it provides a very strong indication of progress against the objectives.”

“We should really think that if you’re going to use EVM as a management tool it should be based on whether there is a lot of risk in your project or whether there’s complexity in the project rather than the fact that it’s over £10 million.”

Metrics - finance

“In IPTs the quality of financial forecasting varies significantly and the methodology behind financial report casting isn’t uniform.”

Metrics - general points

“One of our challenges is to make sure that we really do get a real understanding of the actual rate of progress, you know that we finish module whatever it is and that we understand enough about that module and its interactions with the others to be sure that really is 5 per cent of the total value of the project.”

Metrics - tools

“The ASPECT toolset was a set of off-the-shelf tools, which were then heavily integrated with each to provide project planning, financial management, contract management and management information. In the process of integrating these altogether ASPECT became effectively one large, bespoke information system that was quite cumbersome to use and for a variety of reasons, not just the problems with the tool but also the way in which it was implemented and lack of buy in from people, wasn’t used fully.”

Reviews - lots of

“There’s probably going to quite a few different types of peer review.”

“They can introduce peer review into the management of their projects and that might be simply getting the IPT that sits on the same floor plate to take a quick look at something for half a day.”

“We haven’t actually used the ‘mandatory’ word but there is certainly an expectation by the Approvals Committee that all Cat A and B projects will go through a [Key Stage] Peer Review before Initial Gate and Main Gate.”

“We’re not running exactly that [Office Government Commerce Gateway Review] process. We run the gateway reviews as a sort of health check as we are coming up to a project review point and they are very useful as a health check to tell us whether we are ready to go to initial gate or to main gate or to whatever it might be and I think it’s caused one or two projects just to stop and think a little more carefully before finalising their paper work.”

“You overlay on that the gateway review process which is tracking it at subtly different points, but similar points. I think you end up with quite a robust system.”

Skills - diagnosis

“World class project management, it all comes down to that.”

“How many methodologies have we got to do, how many times have we got to do the diagnostic of what we think is wrong with our projects?”

“I think it is actually complex project management rather than procurement or acquisition.”

“We are a major project management operation.”

“A strong theme through the Defence Procurement Agency Stocktake was that we needed to strengthen the project management function.”

“So I still go back to this domain knowledge, knowing what it’s all about, training the right people and the rest of it and I think we undervalue that. [...] I mean who’s the most senior engineer professional person in the Ministry of Defence, in the main building? There’s no-one.”

“I think the training that we offer, whilst I’m sure it’s good for new people, it just isn’t enough.”

“Personally I think there’s a lot more that we should be doing to professionalise the acquisition stream. I would put most emphasis on the need to professionalise Customer One.”

“There is a danger I think that we fail to recognise the level of expertise that we need to understand the proposition that’s in front of us. So there needs to be a sufficient level of depth to understand the development programme and the test points.”

Skills - future

“What I’m saying is that if you were trying to select people for really complicated jobs of complex project management, you would pick people to do that and you would have an assessment approach which really looked at that in some detail.”

“What we are putting in place is actually a project, a career framework for project managers, it has three levels, the foundation, practitioner and expert levels which is based on your level of experience and training, formal externally accredited qualification.”

“The piece of work we’ve just finished is skills codification of all the skills needed of IPT leaders and some key roles within IPTs.”

“I think we have quite a programme of activity ahead of us in the DPA, and the rest of the Ministry for that matter, in making sure that we have an adequate supply of people who really understand risk management and have done rather more than a two week course.”

“You’ve got to keep refreshing these things otherwise everyone just falls in the comfort zone. And there are a lot of comfort zones around.”

“Get it right and assure the process, assure the people, assure the organisational structures and when you know you know you’ve got a good quality individual reporting to an IPT leader who is financially aware and has the finance license and reviews his numbers on a regular basis then that gives [...] a lot of assurance.”

“There’s a big gain by getting acquisition staff better trained, and probably doing joint training would be sensible. For example, people should do a month’s training before they go to become a DEC [Director Equipment Capability] officer in London or become a project manager, and they should do the training together so they meet each other. And

also, say every ten years, all staff should have to do a refresher, I would be quite rigorous about that.”

Skills - shortage

“Have we got in the DPA the skills to enable us to project manage? There is a question mark over whether we have sufficient depth of skill to enable us to do that.”

“Does industry have the skills to do project management and my perception is that those skills are in short supply in the UK and all too often we seem to have looked across the water to the US to engage a US company in some way or other to take the prime contractorship role.”

“I think we need to consider how within the UK we can develop project management skills in the public and private sector because my view is that they are in too short supply.”

Skills - tenure in post

“I think a two-year tour is not long enough, some of the military people say it’s a career fouler if they stay too long. I think procurement if it’s to be taken seriously needs to be a truly professional activity.”

“A lot of the problems in setting up a deal come because the people who are actually negotiating in the first place are not the people who actually have to make it work.”

“But it’s a five-year job and you’ve got to commit yourself to that. And also we should spend more time selecting people.”

“[IPT leaders] have to stay for a minimum of four years. And I choose them not only for the skills that they have in doing the job but also because the experience they will bring across the organisation. [...] I would say that one of the strengths from my point of view is continuity.”

“Unfortunately it doesn’t apply to the Directors Equipment Capability [DEC], there’s one every two years. So it’s very difficult to have a working relationship with a DEC for a long period: DEC staff keep turning over every two years and you have to keep re-educating them about Smart Acquisition, it can be a very frustrating relationship at times.”

Senior Owner for Capability - other options

“What you have to do is manage the resolution and the management of it is by saying we’re unable at the one star level to resolve them and therefore we move up and in. So that’s broadly how we see the application of a single point of accountability for the delivery of military capability in the round. [...] Now will that create more work for the DEC’s? Probably some, will it increase it massively? No because the capability-working groups are supposed to be doing that work and indeed are doing that work anyway.”

“If we had a Senior Responsible Owner (SRO) for everything we would have hundreds of them. We need to focus them on the programmes, which are significant change programmes and have significant complexity, and the SRO’s role is to ensure the correct integration across the different numbers of programmes.”

Stocktake - assurance

“And that is the whole issue of how much depth do you want to go into at any particular review point, which applies whether it is a peer review or an internal assurance point.”

“And you need someone who’s standing in from the outside as a non-advocate who comes in and says you know what about this, that and the other. And it’s quite easy to actually see where the big issues lie when we do that.”

“And the danger we’ve got is we need to make sure that we keep ourselves non-advocate.”

“We also need to look at the project assurance process to make sure we’re getting best value out of the effort that we put into it. So we embark down the course and it will continue to mature and develop.”

“Increasingly we’ll be looking for an assurance process to have taken place, an expert assurance process. The only criticism I have, you know I’m being frank with you about criticism is that there is no unifying religious belief about the model we’re going to use to do this.”

Stocktake - dashboard

“Even the better Key Performance Indicators with maturity models such as the risk maturity one and the through-life management one are looking at processes and behaviours rather than output.”

“In some cases we may well need one light to say is the process in place and the second light to say is it working.”

“But I think the key issue, as I indicated earlier, is well, the process is fine. But how is it actually working in practice? Is this project being better managed in terms of risk assessment and management as a consequence of these processes? The process is still settling in, I think we need to develop the guidance that is out there in the light of the experiences that we are gaining.”

“Another area of uncertainty for Integrated Project Teams (IPTs) is do they score the situation as it is today or if they know there is a problem lurking around the corner do they take that into account. Our view, as you might expect, is if there's something they know about then you bring that into the equation.”

“It's helping and it's not helping; it's helping us to identify all the things we should look for and it's making us spread ourselves too thin. There's just too much on it and it relies very much on the self assessments by the IPTs. So I am not always convinced that we look at the right things, but it's a hell of a lot better than what we had before which was nothing.”

“Every single question there, whichever column it's in, is one that desperately needs to be asked.”

“I find it of moderate use only at this stage, as we get more consistency and more assurance rings of confidence genuinely being there I think it will give us a very substantial tool for focusing and inquiry. So I guess the answer is its early days, I feel its moving in the right kind of direction and its already given us lots of food for thought about just what the condition is on some of these areas of projects.”

Stocktake – Project Performance Reviews (PPRs)

“Pre-briefing should be very light or possibly non-existent and what the process relies on is the standard framework that everyone understands.”

“Now with the project reviews they are a more disciplined way of assessing these things; but again we’ve got to get it fully set up and going. We’ve got to support it with the workers, the support groups, with proper information flows. I think there’s a year or two’s work on these issues. In any case, project reviews should be based on a standard, best practice approach to project and risk management, which has been synthesized and employed from the beginning of each project, and is understood across MOD and Government.”

“What actions members of the board can take to help the project and every review I have been to the board members have come out with actions as well which is quite fundamental to it.”

“I’ve been to some PPRs where there’s been excellent representation from Customer One, Defence Logistics Organisation, Customer Two, for other PPRs I’ve been to only the Defence Procurement Agency IPT has been present.”

“It is a key feature of the PPR process that we do indeed have proper representation from each of the stakeholder communities and I emphasise proper representation because what I have seen in some cases is relatively junior people sent along. I don’t think that helps at all.”

“In terms of is it helping to with performance, time and cost trade offs, I don’t think it is at the moment, whether it is designed to do that there is a question mark in my mind.”

“We’ve tried to do an awful lot in the PPRs and develop the balanced score card and the dashboard. Arguably we’ve tried to do a little bit too much and we’ve lost the absolute fundamental: what are your costs to complete, when it’s going to be completed, things like that.”

“There is more focus on through-life costs than there was before but that’s probably not saying very much.”

“So I feel a bit torn between do we make it a very highly focused activity with a core group of people who get really into the nitty gritty and to all as a starting point understand the main issues, or do we make it a much broader, wider event where there may be some people that will be behind the curve and need to catch up. With industry involved maybe there'll be some things we have to do separately and it all makes the whole thing a bit more complicated but we need to balance our really good intent of inclusion with a real focus from the task in-hand which is a forensic review of where we are on the project.”

“Increasingly I would expect the project reviews to be done with both the contractor and the team leader and even actually have the project reviewed, not just by board member, but by a board member from the supplier. So you actually join that process up.”

Stocktake - resources

“So it's absolutely essential that we've got operations directors and absolutely essential that we've got proper functional directors who've got the knowledge and skills and support to do their job. Whether three and three is the right number, it'll do for now, because we couldn't really ask for any more, which is probably a good thing. But, whether it's the right number for that number of projects and that degree of complexity and whether we've got the right support we'll gradually find out. But it's a very good move.”

“We actually have two challenges, one is to turn our assurance approach into a fully resourced programme and there needs to be some additional resource which is being worked on and secondly we need to have covered our population of projects, not surprisingly it will take a while for that to happen. I would argue that that never finishes, there are always new events and new projects that are coming along that requires you to be catching up on something that you haven't done.”

Supplier – alliances

“I think having an alliancing structure within which you have the customer holding 'the ring' almost being on his own, in my terms, a prime contractor is probably a sensible way to do it, and that's what's underpinned the thinking which has let the DPA to go down that route. But this is certainly much more the sort of structure and arrangement that I think will deliver us something that is successful and meets our needs.”

“I think that we are increasingly moving towards long term alliances for particular sectors because the demand simply isn't there to make repeated competition a sensible proposition. [...] It's also important for technology insertion. You need to have some stability in the supply chain and you need to spot new particular candidate technologies quite early on and then nurture them.”

Supplier management - opinions

“You really need to look at demand and supply together, not sequentially, and you've got to try and bring them together into a balance at levels of risk in relation to each of performance, whole life cost and time which are understood and accepted by the stakeholders.”

“I think also the MoD increasingly understands what might motivate a supplier in a particular set of circumstances, and we need to satisfy ourselves that, either through incentives more generally, or anchor milestones that we do encourage the right behaviour towards the end product that we want.”

“The suppliers have indicated a couple of reservations in terms of plans to use the outputs as a means to deselect suppliers.”

“One of the really difficult things that we have got to keep in balance is not strictly about monitoring product performance but one of those you know challenges that we have in our industrial policy background is that we have got to keep the small and medium sized supplier in this business, you know we need innovation, we need diversity but that means that our overheads have got to be small enough for them to continue to play.”

“Another part of the Stocktake was the key supplier management and I've been very encouraged by the way companies are prepared to step up to that.”

“But there is another side to that which is where civil firms can enter the market either through techniques or through application of civil designs, then we need to make it easier for them to do that. I think there's a cultural attitude in the MoD and the DPA that everybody will want to beat a path to our door and do business with us because that's how it was in the '50s and '60s, but isn't so any more.”

Supplier - performance measurement

“We’ve articulated that we want to measure the activities of the supplier in five discreet areas of quality, which is performance and quality of product; cost; and time, so if you like they’re the hard ones; and the softer ones are communications; and management.”

“It’s a recognition that we also have a role to play and our performance is likewise measured. [...] The supplier has the opportunity to assess the customer that’s the IPT in terms of quality and clarity of documentation and how we communicate and manage our business.”

“One of the things we try and provide in terms of our advice back to IPTs is the level of exposure certain suppliers have in terms of the amount of work that they have on their books, the amount of work they’re bidding for both in the UK and overseas.”

Supplier - selection

“And what we found is was that our real knowledge of the performance of our supplier base was actually quite poor.”

“We ought really to make having achieved a certain level of Earned Value Management competence a condition of doing business. I wouldn’t insist, not for every project, but certainly for the more complex projects.”

“We’ve got a maturity model for risk management of the team, what about suppliers?”

Supplier - strategic management

“But in terms of strategic type issues it needs to be conveyed by a one-to-one relationship.”

“I think we’ve got to be much more knowledgeable and much more progressive in what information we expect suppliers to provide and how they provide it and what use we make of it.”

“If we were to come to a conclusion that the company can’t take on all MoD’s requirements and meet the timescale that we have in mind at corporate level, we then

have to take a view as to what are the priorities and what are the risks associated with placing all of this work with this company.”

“Perhaps we should be thinking of industry as the seventh Line of Development; industry has to be available with the right skills, and having stop-start contracts clearly doesn’t work. We all need to think about how we are going to deliver and develop those skills over time.”

Trade offs

“We tended to be of a view in the cost, time, capability trade off, that capability was fixed and I think you know that we’ve got to get people to understand that capability isn’t fixed and actually it’s in a sense the most important one to vary.”

“And one of the difficulties I believe is there’s been a tendency in discussions and producing reports to assume that performance is a given, that the demand is a given, and once established, the only variables are cost and time.”

“So it is dangerous to assume performance is fixed, since performance can sometimes be wisely traded off against time and/or cost.”

“And there’s also a lot more direct pressure on projects to trade off on performance and time rather than just costs, which is interesting. And that has been I think for all of us a surprising shock for project teams.”

“Customer Two don’t want to take any trade offs and its worth trying to understand their motivation: I think it’s because they see themselves from past experience not getting equipment very often and they find it very difficult to upgrade the kit. They therefore would rather have something two or three years late at a better specification, rather than be stuck for twenty years with timely delivered but poor standard equipment. From their point of view they’re being very rational.”

“The difficulty is that the Requirement Managers tend to get a little sucked into day-to-day project work and do not focus enough on the user requirements and dealing with Customer One and Customer Two staffs.”

“There’s two types of adjustment that we need to make, one is that we do need trade space on our requirements. What actually you need to do is to recognise that what you’re doing is looking for value for money and that value has to be measured in terms of operational capability. The way you set that out must allow you to understand what the minimum capabilities are and to give you enough manoeuvre space to allow you to get the best deal from industry.”

“It’s very difficult because you’re giving them very little room for manoeuvre; too many things are fixed much too early. I think if we know that the budget is not going to change that much then actually you might as well fix that within such close parameters.”