Chairman Duncan, Ranking Member Barber and members of the Subcommittee, my name is Craig Killough; and I am the Vice President of Organizations and Markets for the Project Management Institute (PMI). I appreciate the opportunity to participate in this important hearing and speak to the benefits organizations can derive from implementing best practices in project and program management.

The Project Management Institute (PMI) is the world's largest project management membership association, with more than 700,000 members and credential holders in 187 countries. Our headquarters are in Newtown Square, Pennsylvania where we were founded in 1969 as a not-for-profit organization. PMI seeks to advance the profession of project and program management through globally recognized standards and certifications, collaborative communities, an extensive research program, and professional development opportunities. The project management profession, broadly defined, encompasses project management, program management and portfolio management. In the US government, the project management practitioner is typically considered a program manager and so I will use the term program management throughout the statement. I'd also like to recognize PMI's 259 local chapters; we have a chapter in every state in the country, which play an essential role in organizing our members locally.

In this testimony I will outline what PMI has learned about best practices and how organizations that value and implement best practices in project and program management are yielding significant value and gaining a competitive advantage. I will also make recommendations to improve program management and increase the use of best practices within the Department of Homeland Security.

PMI-developed standards are the most widely recognized standards in the profession, used by hundreds of leading organizations around the world. PMI's Project Management Professional (PMP)® credential is the most important industry-recognized certification for project managers. The PMP® demonstrates that you have the experience, education and competency to lead and direct projects. PMI's research program has identified how program management delivers a competitive advantage, producing increased efficiencies, organizational mission alignment, stakeholder satisfaction and improved decision making. The most successful organizations embrace project and program management is a strategic competency that enables organizations to deliver expected benefits and value through effective planning, organization and risk mitigation.

The Value of Project Management

Effectively implementing program management best practices results in transparency and accountability. The most successful organizations have learned that creating a culture focused on program management is vital to achieving business success. An example of some of the

organizations who are leaders in program management, and active members of the PMI Global Executive Council, include Accenture, BAE Systems, Boeing, Booz Allen Hamilton, Deloitte US, Hewlett-Packard, IBM Global Business Services, ICF International, Mayo Clinic, Microsoft, NASA, PriceWaterhouseCoopers, and Verizon Wireless. These organizations have embraced program management, use it to meet their strategic objectives and drive business success. Government programs have the opportunity to take advantage from what these companies have already learned – using global standards in program management is indispensable for business results.

Congress typically focuses on acquisitions and IT when talking about the topic of program and project management. Certainly these are significant areas for program management, but the need for program management skills goes much further. Program managers play an integral role in all agencies at all levels. Program managers are asked to manage considerable efforts -- often times without proper training, skills, experience or authority. They are responsible for working with contractors, liaising between our Border Patrol agents, Customs officers, Coast Guard and executives – defining the requirements needed to fulfill a mission and their feedback and capability to measure and report information is critical to agency leadership understanding the progress of programs. The GAO has cited improving program management in its High-Risk. There is a clear need for improving the utilization of best practices in program management given the constraint on resources and the need to deliver results – on time and on budget.

When organizations continue getting better at executing their projects and programs, they drive success. PMI's annual research survey, *Pulse of the Profession™*, shows that fewer than two-thirds of projects meet their goals and business intent and about 17 percent fail outright.

According to the study, there is a strong link showing that effective program management reduces risk. Our *Pulse of the Profession* research shows that organizations who have invested in program management are seeing results. High-performing organizations are defined as having ninety percent of their projects meet original goals and business intent. Low performing organizations see only 34 percent of projects meet original goals and business intent. In financial terms, on a billion-dollar project, low performing organizations risk $280 million of a US$1 billion budget. High performers risk only US$20 million. This makes being a low performer fourteen times more likely to experience inefficiency and waste over the course of the program.

What is the value of being a high performer? PMI's 2013 *Pulse of the Profession™* research also looked specifically at government programs. Our research showed government programs risk approximately 10% more of their budget than the private sector. Our research indicates that to become high-performing, organizations and government agencies must focus on three key factors for better results:
- **Standardization.** Standardization leads to the efficient use of resources. High performing organizations are almost three times more likely than low performing organizations to use standardized practices throughout the organization, and have better program outcomes as a result.
- **Talent management.** High performing organizations are significantly more likely than low performers to have a defined career path for program managers, have a process to

develop program management competency and provide training on the use of program management tools and techniques.

- **Strategic Alignment.** Aligning the portfolio around the organizations mission and ensuring it is appropriately defined and resourced is a significant indicator of success. This aligns capabilities – ensuring that mature and experienced program managers are leading critical missions and given adequate flexibility. The results in significantly better outcomes, improved performance and less waste.

The Importance of Standards

As demonstrated by PMI's *Pulse* data standards are crucial to the program management profession because they ensure that a basic program management framework, lexicon and process are applied consistently. The value of this framework and lexicon applies equally to the private and public sector. In the private sector, it means an organization can work together around the world – understand a similar process and transfer knowledge between and among teams, develop best practices and measure performance. In the public sector – this means effectively communicating with stakeholders, transferring knowledge, developing best practices and measuring performance.

PMI's thirteen standards for project, program and portfolio management are the most widely recognized standards in the profession - and increasingly the model for program management in business and government. They are developed and updated by thousands of PMI volunteers experts with experience in every type of project, and provide a common language for program management around the world. PMI standards, such as the *PMBOK® Guide*, with more than 4 million copies in circulation, have been successfully around the world.

For the Department of Homeland Security, an organization with 22 entities, the use of standards is critical to ensure that decision makers and stakeholders are receiving information that allows for an effective portfolio and program level review. In addition, standards allow for best practices to be shared more easily across agency components. As an example, effective risk management has been an area of increased complexity and is critical to DHS's mission. PMI has developed a practice standard for risk management, which, if utilized, consistently and across the agency, DHS executives will be able to accurately see how each component or entity is planning for risk with a common baseline, where shortfalls may occur, where risk management needs improvement.

Why are these standards relevant to DHS and why should they be adopted? Just one example: a GAO study from September 2012 found, "DHS leadership has authorized and continued to invest in major acquisitions programs even though the vast majority of those programs lack foundational documents demonstrating the knowledge needed to help manage risks and measure performance.[1]" Utilizing a standard for risk management will help every entity within the department meet these requirements and improve consistency. Standards when used consistently across an organization dramatically improve transparency, decision-making and performance.

---

[1] United States Government Accountability Office, "Homeland Security: DHS Requires More Disciplined Investment Management to Help Meet Mission Needs" GAO-12-833, p. 45 September 2012

In another example, a GAO report requested by Ranking Member Barber on the Customs and Border Patrol, the GAO stated, "Border Patrol is developing key elements of its 2012-2016 Strategic Plan needed to define border security and the resources necessary to achieve it, but has not identified milestones and time frames for developing and implementing performance goals and measures in accordance with standard practices in program management.[2]" The need for established standards is clear.

In 2010, PMI conducted an analysis of successful government programs: "Program Management 2010: A study of program management in the U.S. Federal Government". Program managers from a wide variety of government sectors shared their insights on "success factors" and best practices for this study. We discovered how government program leaders are able to achieve results. The most successful government programs studied start with a firm grounding in the fundamentals: experienced and well-trained program management practitioners (people), standardized program management practices (processes), and the tools to support both. They then learn to be better communicators, more agile, more collaborative, and more engaging. The most successful programs demonstrated that standard project and program management process and practice, along with effective management of risk were key elements of success. It is the combination of all these elements that has led to creating an organizational culture of program management, and has driven their successful programs.

PMI's Recommendations for the Department of Homeland Security

PMI advocates for the profession of project management and improved program management within organizations and has found there are several areas where government agencies could broadly improve their organizational maturity, become high performing, and spend funds more efficiently. Implementation of PMI's recommendations to Congress would make great progress toward establishing the framework needed to manage projects effectively. It is vital that Congress direct agencies to embrace project management standards that can be utilized by any agency on any program across the federal government. Because PMI's broad-based standards are applicable for managing projects across industries and geographies, they are especially appropriate for use by the federal government.

The Department of Homeland Security's Program Accountability and Risk Management (PARM) Office has already taken a number of key steps to improve program management. We support its efforts to date and would encourage them to continue engaging with stakeholders and the program management community. PARM's efforts could be bolstered by legislation, however. This committee approved a bill (H.R. 3116) in 2012, the Department of Homeland Security Authorization Act, which contained several important provisions to improve the program management workforce across the Department of Homeland Security. We would encourage the subcommittee and full committee to restart that effort and incorporate the findings of our latest *Pulse of the Profession*.

In addition, we have several other recommendations for your consideration.

---

[2] United States Government Accountability Office, "Border Patrol: Key Elements of New Strategic Plan Not yet in Place to Inform Border Security Status and Resource Needs" GAO-13-25, highlights.

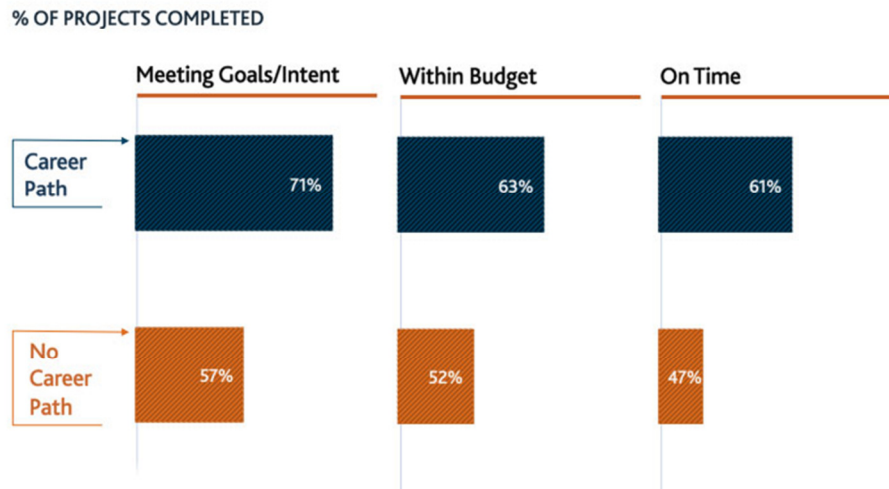1) **Create a job classification for project and program managers.**

A key factor of failure is the lack of an identified, trained and supported program manager. The phenomenon of the "accidental" program manager is far too common across government agencies. PMI would strongly encourage a government-wide capability to hire program managers similar to what exists in OPM's 2210 Job Series for IT. Identifying this individual is also critical.   Each program should have a dedicated program manager who is responsible for implementing proven success factors and ensuring results. GAO has also identified this as a critical need, given there are staffing shortfalls, this step would help the Department identify and address its talent needs. This requirement will also increase transparency and provides additional accountability and should be the focus of every government program with acknowledgement from agency executives.

2) **Scale IT program management career path government-wide.**

The role of a program manager should not just come about by accident. Recognizing the positive effect that can be obtained by having a strong program manager and building the necessary skill sets is critical. This is something successful organizations have recognized. According to PMI's research, U.S. government organizations themselves identify the causes of program failure to include: changing priorities, poor risk management, inadequate communications, and an inexperienced program manager. In fact, government agencies identified an inexperienced program manager as a cause for failure almost twice as often as organizations in the private sector.

It is essential to retain and support talented program managers by providing defined career ladders and options. Recruiting and retaining highly performing personnel is a particular challenge in the federal government. Scaling previously successful reform plans across agencies is logical and makes good sense. The model utilized by Rep. Issa and Rep. Connolly in the Federal Information Technology Acquisition Reform Act; H.R. 1232, could provide an example. This initiative will reduce duplication significantly and will improve efficiency and program success rates, thereby improving the expenditure of taxpayer funds and improving morale at agencies.

Organizations with a defined career path have higher project success rates than those organizations without a defined career path.

% OF PROJECTS COMPLETED

	Meeting Goals/Intent	Within Budget	On Time
Career Path	71%	63%	61%
No Career Path	57%	52%	47%

Source: ©2013 Project Management Institute, Inc. Pulse of the Profession, March 2013. www.pmi.org/pulse.

3) Utilize program management standards in developing standard practices and processes

Organizations that value program management understand that the contributions of professional program managers using standardized practices increase project success rates, create efficiencies, and improve alignment with organizational strategies. Standardization leads to an efficient use of resources, which allows more time and resources to focus on leading, innovating and delivering products and services—and ultimately leads to a competitive advantage. High performing organizations are almost three times more likely than low-performing organizations (36 percent vs. 13 percent) to use standardized practices throughout the organization, and have better project outcomes as a result. Organizations that recognize the importance of project management are driven by expected and tangible results: on time, on budget, within scope, and in accordance with project requirements.

PMI standards are the guidelines against which individuals and organizations can assess their existing project management capabilities and provide the benchmark for them to build and mature their existing proficiency. They provide the foundation for developing and implementing the superior practice of program management.

A number of GAO's recommendations refer to the need for program management standards and their application. The Department has begun to take steps to implement better policies and we hope they will continue to align with established standards, which have demonstrated success in

the private sector. Further we would encourage the Department to keep the practices identified by GAO in report GAO-12-833, as key practices, for program and portfolio management a high priority. Further we would encourage the Congress to ensure these recommendations are being followed.

4) Support integrated program teams.

Program managers should be working with their counterparts across the acquisitions workforce and with their counterparts in the private sector. A program stands a greater likelihood of being successful if everyone understands the importance of the mission, the business strategy, and help ensuring the programs are delivering the intended results. Integrated teams will prevent silos and facilitate maturing program managers. This should also include program managers remaining with their programs until a major milestone is reached.

Conclusion

PMI will continue to work with the Congress and the Administration to improve efficiency in the Federal government. We would encourage all of the members of this committee to join the Government Efficiency Caucus, to engage in regular dialog and keep up to date on the latest in effective best practices in program management. We believe increasing government efficiency through improving the use of project and program management standards will save taxpayer funds and improve delivery of services.

The American people expect results from their government particularly in these fiscally challenging times. Having the right tools and processes alone will not ensure success. But by bringing together tangible best practices with the more intangible "culture of program management" is what has set successful organizations apart from the rest. We believe effective use of program management will make those results possible across the US government.

Again, thank you Chairman Duncan, Ranking Member Barber for the opportunity to testify at this important hearing. I will be pleased to answer any questions you or members of the Subcommittee may have.