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IN REPLY REFER TO:

96-42040
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MEMORANDUM

To: Commissioner
 Attn: 91-00000, 91-10000, 92-00000, 94-00000, 94-30000, 96-00000
 Directors, Denver Office
 Attn: 84-20000, 84-21000, 84-27000, 84-40000, 84-50000, 86-60000, 86-68000
 Regional Directors
 Attn: PN-1000, MP-100, LC-1000, UC-100, GP-1000

From: Robert W. Johnson
 Commissioner
ROBERT W. JOHNSON

Subject: Project Management Implementation-- Action Items 20 thru 23--Managing for Excellence

At the Reclamation Leadership Team (RLT) meeting on November 15, 2006, in Sacramento, California, the RLT recommended that I implement the Team recommendations put forth in the teams "Decision and Documentation Paper (Paper.)"

I have accepted the recommendations of the RLT and the Team's Paper (attached). Thus I hereby direct the implementation of the seven resultant recommendations. The Director, Office of Policy Program Services, will now proceed with implementation through the development of the appropriate Policy and Directives and Standards. Other Directors will begin the implementation of these recommendations immediately. You are cautioned, as implementation begins, that the subsequent Policy and Directives and Standards may require adjustments in your practices. It is recognized that it will take some time to initiate training and implementation and that complete implementation will require time and specific guidance.

Having made this decision the Team has completed its work and is hereby dismissed with a sincere Thank You from all of Reclamation for a job well done.

Attachment



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December 5, 2006

Decision and Documentation Paper

Action Items: 20 through 23; Project Management

Reference: *The Status of Project Management in Reclamation*

Background: The Team addressing these action items assessed Reclamation's current project management (PM) practices and needs. The assessment was made relative to proven project management practices. The Team validated the three National Academy of Sciences (NAS) Report findings regarding Project Management: Lack of a consistent project development process; insufficient policy, standards and implementation oversight; and the need to recognize project management as a discipline. More specifically, the team found there is significant room for improvement in the initiating, integration, and closing processes of a project. It was found that Reclamation has inconsistent approaches, solutions, and policies that can be characterized as providing flexibility, but can lead to problems in some areas such as ineffective and inconsistent communication with management and stakeholders and inconsistent results for the end user. Also, it was found that project management is not a consistently well understood or well executed process across Reclamation and has not been seen as a priority by management except when projects are high profile.

In the end, the team found that there would be significantly increased benefit to Reclamation by implementing a more formal practice of Project Management. Thus the team recommends that Reclamation diligently implement the practice of sound project management for all work that meets the definition of a project.¹ A clear mandate from management, via the Reclamation Leadership Team, is necessary to ensure successful implementation.

Potential Related or Affected M4E Action Items:

1: Strengthen interaction with customers and other stakeholders at national, regional, and project levels to address Bureau-wide issues.

4: Identify structured decision-making process gaps and potential remedies, with particular attention to the recommendations from "Review and Decision Making in Reclamation.

8: Consider the scenarios discussed in Chapter Five of the NRC Report and what refinements, if any, to Reclamation's organizational structure may be useful in meeting future challenges under each of these scenarios.

19: Working with stakeholders, develop innovative processes that can add value to major repair projects.

25: Financial Status Reporting.

¹ Intentionally loosely defined as a task with a budget, a beginning, and an end date to provide flexibility to Directors. Through briefings with the RLT, PM will be required for Safety of Dams projects and subsequent review by the "oversight" group will consider additional limits and thresholds. This documents recommendations reflects the RLT's guidance.

December 5, 2006

29: Analyze effectiveness of current O&M planning (does it square with the Bureau Asset Mgmt Plan, and is it is being done agency-wide).

37: Identify critical positions where collaborative competencies are needed and refine position descriptions to include these competencies.

39: Evaluate the effectiveness of Reclamation's training and development programs in successfully planning for succession, including leadership development and technical training.

40: Ensure that the conclusions reached and the decisions made as a result of all of the preceding action items are incorporated into Reclamation's current workforce and succession planning processes.

Alternatives: To distinguish between various implementation alternatives, the following summary categories are presented: 1. Level of Agency Action; 2. Application of Project Management; 3. Organizational Restructuring; 4. Guidance; 5. Training; 6. Certification; and 7. Oversight. The **alternatives listed in bold** are the Team's recommendations.

1. **Level of Agency Action:** From what level should PM implementation be brought into the organization and to what level should implementation be performed?

ALTERNATIVE A: Status Quo (Note that if this is chosen, all other categories also become status quo).

Pros:

- Does not require the issuance of new Reclamation Manual Provisions.

Cons:

- This has the lowest chance of improved Project Management throughout Reclamation

ALTERNATIVE B: Issue general Policy and Directives and Standards (Team Recommendation)

Pros:

- Provides direct support from the Commissioner and the Reclamation Leadership Team (RLT).
- Provides the clearest possible direction to the organization.
- Allows for continuity and the transfer of responsibility from one major project phase to another (such as from planning, to design and construction, to O&M).

Cons:

- This will require staff work to develop Reclamation Manual provisions.

December 5, 2006

2. Application of Project Management: To what degree, considering the types of Reclamation work, should PM be applied?

ALTERNATIVE A: Status Quo

Pros:

- Does not require any change with current practices and allows full discretion by management.

Cons:

- This has the lowest chance of improved Project Management throughout Reclamation
- Team believes this could lead to a result of failing to address its and the NAS findings.
- Application of PM to specific activities would continue to be inconsistent throughout the agency.

ALTERNATIVE B: Appropriate Director, as delegated, requires PM to be practiced for jobs above a certain threshold, say \$ 10M.

Pros:

- Provides clarity for the organization regarding the magnitude of work to which PM applies.
- Improvement in the current PM practices within Reclamation would likely result.

Cons:

- Does not encourage PM to be practiced for work under the threshold.
- Implies that PM techniques which could be applied to work under the threshold would be less important.
- Creates issues in defining the threshold and what the full scope is comprised of for the "project".
- Does not address all of the other than work of less magnitude being performed by Reclamation which the Team identified in their Phase 1 activity as needing improvement.
- May create confusion in the determination of the dollar value that should be assigned to a given project i.e., determining at the planning phase or early phases of a project the potential future construction dollars could create confusion

ALTERNATIVE C: Appropriate Director, as delegated, requires PM to be practiced for jobs while considering the following factors; cost threshold, degree of risk for costs, schedule, technical risk, and political sensitivity, etc

Pros:

- Allows the Director to consider jobs which may not qualify under strict threshold criteria to apply PM.
- Allows management discretion regarding PM application.

December 5, 2006

- Improvement in the current PM practices within Reclamation would likely result.

Cons:

- May result in inconsistent PM practice throughout Reclamation due to different outcomes by Director's analysis of the various considerations.
- Does not address all of the other than high risk, expensive, politically sensitive, etc. work being performed by Reclamation which the Team identified in their Phase 1 activity as needing improvement.
- Allows lobbying to influence the decision to exclude an activity appropriate for PM.

ALTERNATIVE D: Require PM for all SOD jobs with some combination of the above 2 alternatives.

Pros:

- Allows management to tailor the degree of application.
- Improvement in the current PM practices within Reclamation would likely result.

Cons:

- Does not address all of the other than SOD work being performed by Reclamation that the Team identified in their Phase 1 activity as needing improvement.
- Creates a sense that SOD or work under certain thresholds are more important than other vital Reclamation projects.

ALTERNATIVE E: Allow the appropriate Director, as delegated, to require PM to be practiced for all work that meets the definition of a project allowing for the degree of PM application to fit the work to be performed. (Team Recommendation):

Pros:

- Allows management to tailor the degree of application of PM techniques to the specific work.
- Allows Director full range of focus on degree of rigor for applying PM techniques based on all factors such as cost threshold, degree of risk for costs, schedule, technical risk, political sensitivity, etc.
- Improvement in the current PM practices within Reclamation would likely result.
- Maintains maximum flexibility.
- Allows full recognition of the importance of application of sound PM techniques (i.e. Good business practices) to all work regardless of threshold, complexity, risk, magnitude, etc.

Cons:

- Requires a more extensive employee base knowledge of PM techniques and therefore training.

December 5, 2006

3. Organizational Restructuring: Should the current organizational structure be altered to accommodate implementation of PM and what level of authority should the PM structure have?

ALTERNATIVE A: Status Quo (Team Recommendation)

Pros:

- Does not require a change in the organizational chain-of-command, positions, and related management factors.
- High probability of acceptance into today's Reclamation culture.
- When taken with the issuance of policy, it allows existing line management (Appropriate Director, as delegated, in consultation with any affected Director up through the Commissioner) to assign the Project Manager and implement a process of sound Project Management.
- Allows for the existing line and program management input into the appropriate degree of rigor and oversight for each specific project, subject to the directives and standards.
- Maintains the PM as part of the technical [planning, design, construction, or O&M group] group executing the project.

Cons:

- Will require Reclamation's existing organization to implement specific Project Management processes, requiring resources.
- Authority of the Project Manager could be less than other alternatives.
- Confusion may exist about the authority of those assigned Project Management responsibilities.

ALTERNATIVE B: Reorganize and restructure to add Project Management groups to the organization leaving program accomplishment responsibilities as is.

Pros:

- There will be less opportunity for confusion and inconsistency throughout Reclamation's PM efforts.
- Could achieve a more thorough implementation than alternative A.

Cons:

- Confusion would exist between the Project Manager's authority and the program manager.
- Would be more costly and time consuming to implement than alternative A.
- Will require Reclamation's existing culture to accept new organizational roles.
- Will likely be viewed as "over reaching."
- Would take considerable time for Reclamation to reach a level of consistency and proficiency to meet the expectations of some stakeholders.
- Could result in a disconnect between the Project Manager and the technical groups. This could also result in adding technical support to PM who would require a "technical lead" for support on complex projects.

December 5, 2006

ALTERNATIVE C: Reorganize and restructure to add Project Management groups to the organization and change program accomplishment responsibilities to the Project Management groups.

Pros:

- Would be the highest probability of consistent and thorough approach to PM
- Effectiveness of the Project Manager may be the highest due to their authority being commensurate with their responsibility.

Cons:

- Will require Reclamation's existing culture to accept realignment of responsibilities.
- Would be more costly, time consuming, and disruptive to implement than either of the above alternatives.
- Will be viewed as "over reaching."
- This could be less flexible an approach to the large variety of work Reclamation is involved with today.
- May not be successful under the weight of the above cons.
- Could result in a disconnect between the Project Manager and the technical groups.

December 5, 2006

4. Guidance: Should general guidelines for PM implementation be produced for the organization and for what activities should PM apply?

ALTERNATIVE A: Status Quo – Leave any development of formal written guidance and application to specific activities to the discretion of individual offices/regions

Pros:

- This would allow for the greatest degree of tailoring of guidelines to the specific local situation.

Cons:

- Team believes this could lead to a result of failing to address its and the NAS findings.
- Would result in the highest degree of inconsistency of or even lack of written formal guidance over and above the existing guidance.
- Application of PM to specific activities would be inconsistent throughout the agency.

ALTERNATIVE B: Adopt the Project Management Institute's PMBOK[®] (Project Management Book of Knowledge) Guide, an ANSI standard, as a source of definitions, concepts, principles, and philosophy and require the application of PM to be considered for broad categories of activities including EIS, repayment contract processes, collaborative programs, etc. (Team Recommendation)

Pros:

- Provides for a basis of consistent practice throughout Reclamation, with the flexibility to apply to a very wide range of projects and activities.
- Uses the ANSI standard that is recognized and used by PM practitioners elsewhere.
- These standards are continually improved by PMI at no cost to Reclamation.
- Provides a common template to facilitate communication inside and outside of Reclamation.
- Provides an opportunity for Reclamation to hire qualified PM candidates.
- Provides for an orderly transfer of management between phases.

Cons:

- Policy and Directives and Standards (D&S) may not be enough guidance alone for those unfamiliar with PM to be able to implement the policy and comply with D&S.
- Without experience, application of PM practices may be more difficult to understand for non-construction related activities.

ALTERNATIVE C: Develop Reclamation Specific Guidance for PM.

December 5, 2006

Pros:

- Provides for consistent practice throughout Reclamation.
- Provides a common template which, if used, will facilitate communication inside Reclamation.
- Focuses the guidance on Reclamation-type projects and uses Reclamation terms and language.
- Could provide more detailed guidance tailored to Reclamation than available in PMBOK.

Cons:

- The guidelines would likely require development, regular maintenance, and updating since they currently do not exist.
- Would require the development and delivery of training and retraining tailored to the Reclamation way of Project Management
- Would be the slowest and most costly alternative identified to implement.
- Would reduce flexibility to tailor the PM to the specific characteristics of a project and its stake holders.

December 5, 2006

5. Training: To what level should training be provided to the working PMs and the supervisors/managers of the PMs?

ALTERNATIVE A: Status Quo - Any PM training is optional.

Pros:

- Would not disrupt current employee training plans.
- Cheapest alternative.
- Allow for flexibility in the extent of training provided (e.g. OJT, one-day course, masters degree in PM, etc.)

Cons:

- Would make an effective implementation of PM process more difficult because of inconsistencies among training vendors and the extent of training identified as needed.
- May fail to establish PM as a discipline within Reclamation.
- Could result in lack of even minimal training for those involved in PM.

ALTERNATIVE B: Training required tailored around PMI, however, implemented as a supervisor/employee responsibility. (Team Recommendation)

Pros:

- Could be implemented within the current budgeted training timeline.
- Would allow for more effective communication on PM techniques and problems within Reclamation and with stakeholders.
- Allows for the greatest flexibility to define training needs and match training sources to the needs.
- Will provide some degree of standardization of training.

Cons:

- Would require some adjustment to specific training plans.
- May result in inappropriate match of training to the need due to lack of understanding about PM.
- Existing Departmental requirements for IT may limit some of the intended training flexibility being recommended here.
- Will require some funding.
- If not supported from the top down, implementation by supervisors/employees could result in inconsistent application of PM principles.

ALTERNATIVE C: Training required, however, develop and implement Reclamation tailored PM training on an agency-wide basis.

Pros:

- Could be developed toward specific unique aspects of Reclamation.
- Would provide for the greatest degree of consistency,

December 5, 2006

Cons:

- Would be the slowest and most costly alternative identified to implement.
- Would be very difficult to cover all the unique areas where project management is applied in Reclamation to the satisfaction of those with program responsibilities.

December 5, 2006

6. Certification: Should formal certification be required of PMs?**ALTERNATIVE A: Status Quo****Pros:**

- Would be the least costly of the alternatives.
- Would allow for the greatest degree of flexibility in identifying the need for training.
- Would not require standards for determining when certification is needed or not.

Cons:

- Would be less effective in facilitating communication with the outside world on the subject.
- Would result in the greatest degree of inconsistency across Reclamation.
- Would be less likely to result in recognizing PM as a profession in Reclamation.

ALTERNATIVE B: Case-by-case basis as specifically required by the line manager in consultation with the program manager, if applicable. (Team Recommendation)**Pros:**

- Foster better communication within Reclamation and the outside regarding PM.
- Would be easier to stay current in the industry.
- Would allow supervisor to have input into when and who should be trained.

Cons:

- Could reduce emphasis on the practice of Project Management in cases where certification is not required and lead to inconsistencies in its practice.

ALTERNATIVE C: Blanket requirement based on size/criticality of the project.**Pros:**

- Would provide a more uniform process and implementation within Reclamation.
- Would add credibility with project sponsors regarding PM knowledge.

Cons:

- Likely the slowest and most costly alternative to implement.

December 5, 2006

7. Oversight: Should there be organizational oversight provided to the process of PM?

ALTERNATIVE A: Status Quo

Pros:

- Least costly
- Allows for complete flexibility to adapt PM techniques to any situation.

Cons:

- Could lead to PM implementation failure.
- Senior management would have less information on Project Management implementation

ALTERNATIVE B; Provide for an RLT member sponsored representative group of individuals who have demonstrated skills and experience in Project Management to hold a periodic forum of issues and experiences. This group would report annually on the process of PM in Reclamation to the Deputy Commissioner. (Team Recommendation)

Pros:

- Would provide clearing house for communication of issues and lessons learned to assist in constant improvement of PM within Reclamation.
- Would provide a network of individuals who could be a resource to others who are assigned Project Management responsibilities.
- Would provide a central point for any status reports or compilation of statistics (e.g. number of people certified) for upward and outward reporting.
- Could develop measurable targets of standards for good PM practice within Reclamation.

Cons:

- Adds responsibility to the Deputy Commissioner.

ALTERNATIVE C: Formal audits of the PM by program office.

Pros:

- Would formally assess compliance with good project management practices.

Cons:

- Would add burden on the program office.
- Could introduce rigidity into Project Management approaches.
- Would add costs to program management.

December 5, 2006

Key Factors in Comparing Alternatives: The desire of the Team is to recommend an implementation strategy that can be successful in today's Reclamation culture and to avoid serious implementation impacts. It is important to balance management's flexibility to apply PM to the wide variety of activities performed today by Reclamation with enough consistency across Reclamation which will add efficiency and ability to communicate with others. To be successful, the alternatives selected must include a means to maintain and adjust the process and to capture experiences in the interest of constant improvement. In order to achieve the best balance between flexibility and consistency the bolded alternatives above came the closest to meeting these objectives. It will also introduce processes that have common nomenclature, understanding of sound practices, support of line management, and will avoid surprises to the decision makers and project sponsors.

Recommendation:

Promulgate a policy with directives and standards to implement the practice of Project Management for all appropriate products Reclamation is responsible to produce and to require management to provide employees with the necessary skills to perform the required work, throughout the current (existing) organization. It is important to note this recommendation is not intended to supersede any existing Department (particularly Information Technology (IT)) or other legal requirements regarding project management.

In order to accomplish this, the above analysis results in the following Team recommendations regarding alternatives for implementation. It is recommended to implement the following alternative actions NLT December 31, 2006 by issuing an appropriate Policy and Directives and Standards:

1. **Level of Agency Action:** Issue general Policy and Directives and Standards
2. **Application of Project Management:** All Reclamation actions taken under the Safety of Dams Act shall require the practice of PM. For other projects, allow the appropriate Director, as delegated, to require PM to be practiced for all work that meets the definition of a project allowing for the degree of PM application to fit the work to be performed. The "oversight" group under number 7 below shall consider future guidance for the application of additional limits/thresholds.
3. **Organizational Restructuring:** No change.
4. **Guidance:** Adopt the Project Management Institute's PMBOK[®] (Project Management Book of Knowledge) Guide, an ANSI standard, as a source of definitions, concepts, principles, and philosophy.
5. **Training:** Training, to occur tailored around PMI, however, implemented as a supervisor/employee responsibility.
6. **Certification:** Case-by-case basis as specifically determined by the line manager in consultation with the program manager, if applicable.
7. **Oversight:** Provide for a sponsored representative group of Project Managers to hold a periodic forum of issues and experiences. This group would report annually on the process in PM in Reclamation to the Deputy Commissioner.

December 5, 2006

Submitted by:

Team co-leaders: Lauren Carly and Rick Ehat

Executive Sponsor: Rick Gold, Regional Director, Upper Colorado Region.

Documentation of Decision/Decision Not Made:

Rationale:

Implementation: Responsibility/Action Item: