

# Public Sector vs. Private Sector PM

Michael Wood - November 1, 2017 | ProjectManagement.com | Topics: Government

Having had the dubious honor of leading projects in both the private and public sectors, I can honestly say that the differences in culture and focus are the leading reason why government projects differ from their private sector counterparts. Understanding the cultural differences—and how they impact project success—can help project managers moving from the private sector into the public sector (and vice versa) make a more successful transition.

On the surface, the PM function seems very similar regardless of the form the organization takes. All appear to follow a well-thought-out framework. All have similar protocols and practices. In fact, from a technical PM point of view, many governmental frameworks and environments appear to be more mature.

It is only when we make a deeper dive into the environment that the differences are revealed. It is there that we learn why governmental projects fail so much more than their private sector counterparts. Of course, in government a failure is rarely recognized. Material budget overruns and missed deadlines just get absorbed and are often just a “good” reason to do a project “reset” where all is forgiven and the project starts anew. Resets are often met with fanfare and celebration in government circles, where in the private sector they usually indicate failure. But wait...there is so much more!

So what makes government organizations different from private enterprise, and how do those differences influence project management? Here are a few things to consider...

## Lack of Profit Motive

Private enterprise is driven by the need to make a profit in order to survive, but in government there is no profit motive. Revenue is primarily generated by the levy of taxes, which may or may not have any direct connection to the value the entity delivers. This can breed inefficiency and complacency throughout the workforce, making it often difficult to get people to buy into and participate in projects.

## Entrenched Silos

As with any large organization, large governmental units tend to breed bureaucratic environments. When this happens in government, span-of-control silos flourish where the stature and importance of those in control is not measured by the value their organizations deliver, but instead by the size of their budgets and workforce.

Getting silos to work cross-functionally can be virtually impossible, as there is no compelling reason to do so. In addition, projects that seek to increase efficiency, improve processes and the like are often viewed as threats to the leadership's power base. So, while projects get approved, they very often fail from lack of participation. The project monies are spent, the project gets cancelled (or worse), resets and life go on as usual.

## Tenured Employment Status

In government, once a person reaches tenure (achieving virtually permanent employment status), their performance has virtually nothing to do with keeping their job. For many, this means work is optional and showing up to the job is pretty much the measure of success.

It isn't unusual to find these people resisting anything that changes the status quo; something that by definition projects do. Tenured people who become complacent and change resistant are like a cancer in an organization; the kind of cancer that kills incentive, progress and value. They can suck the life out of a project through pure apathy.

It is therefore incumbent upon the project manager to identify the project participants who might represent the dark side of what tenure can bring. It is important to note that not all tenured employees are like this, but there are more than enough to make it an issue. In my experience, the more tenured people that are assigned to a project, the more likely the project will go over budget, experience unending scope creep and miss its deadlines.

## Failure Without Repercussions

Imagine having people that are critical to the success of a project who have absolutely no stake in its outcome, who know their jobs go on even when massive project failures occur. Just a few years back, I witnessed a state project that was years past due and tens of millions over budget. The vendor, a major IT provider, was unapologetic—at times indignant.

The project was a big enough failure that it had the attention of the media, and thus the governor. In private industries, the remedies would include lawsuits, firings, etc. But the action taken was to “reset” the project, forgive all overruns, dumb down the vendor contracts, reassign the project manager and declare the project to be back on track. They even had a small celebration to tout the wisdom of the change. No one lost their job. No vendor was sued. Life returned to normal. Oh, and some of the tenured folks involved got promoted and thanked for their diligent efforts.

## Form over Function, Process over Outcome

Another common element found in government is that success is often defined as complying with a process rather than achieving a result. When adherence to protocols regardless of outcome achieved is the definition of “good,” then progress and improvement are likely to be rare.

Imagine a sport where the winner of the game was the team that demonstrated the most style and grace, had the fewest penalties, etc. Why even keep score at all? In government, it isn't rare to find very elaborate and seemingly sophisticated processes and governance over those processes within the project management environment.

Compliance to the letter of the rules, having every form properly signed and executed, following stringent meeting conduct procedures and generally being certain that every “i” is dotted and “t” crossed is what success is based on. That changes the entire essence of what project management is all about. Is it any wonder that years of working in such environments breeds bureaucratic monstrosities?

## Everything is Political

There is no getting around it: Governmental organizations are steeped in politics. The optics of a situation can often overshadow the substance of the issues involved. Saving face and spinning narratives are common topics of discussion. Project managers working in these types of environments need to become more expert at navigating political waters than being good at actually being able to deliver projects as chartered. But that is okay since there is rarely any penalty for project failure (but tons of penalty for making political faux pas).

I will never forget the guidance I got while on a major project by a commonwealth state controller. The guidance was to be careful what I asked of others and how I reacted to poor performance, as you never know how they are connected to the electorate. Case in point: I was advised to never talk to the mail clerk as he was the nephew of the governor and basically served as a mole for collecting gossip that might be viewed as disloyal or used as dirt in the future. Whether the advice was fact or based in gossip wasn't as important as the source of the advice and the motivation behind it.

## True Success is Hard to Achieve

By now you might be thinking, “Wow, this guy is really down on government,” and you wouldn't be all that incorrect. The truth is that over the decades, I have had the honor of working with some great and talented government project managers and employees. I have also had the displeasure of working with those that give government a bad name.

In my experience in working with over 30 cities, two boards of education and over six states, I can honestly say that more projects fail than succeed. Beyond the cultural and environmental differences between governmental organizations and private industry provided above, there are some other elements common to government projects that are not so common in industry. Government projects tend to be too big in terms of time, budget and scope. Projects that span years (even decades) that have budgets exceeding a billion dollars are by their nature likely to have huge problems. This is especially true of IT-related projects. Because of the duration, they often have entire project team turnover—including many project managers.

This fosters a lack of accountability, as most involved figure they are merely passing through the project and will get reassigned long before the project completes. In private enterprises, management likes projects that are achievable within short time frames and that can be driven by one project manager from start to finish. When faced with large projects, management prefers to break the project into a series of smaller projects, each delivering value in its own right while adding to the value of the larger goal.

Going from being a project manager in private industry into government can be a frustrating and aggravating experience—especially if the project manager is outcome driven with a passion for making a difference. Affecting change in any large organization is difficult; affecting change in large government organizations can be virtually impossible.

Oddly, a successful project manager who has not lost the passion for affecting positive change within an organization and goes from government into private industry can find the experience liberating and exhilarating. Often, these rare breeds bring with them the political survival skill sets lacking in their private enterprise counterparts. They have learned how to deal with difficult stakeholders and often have a smoothness to their style that impresses the higher-ups.

There you have it—my take on what makes managing projects in government different from managing projects in the private sector. As always, your perspectives and comments are welcome. What in the article struck a chord with you? What seemed too harsh and cynical? What hit home as essential truth? Keep the conversation going!