Managing a Complex Project in Government: The Case of São Paulo Tax Invoice System

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São Paulo State's Tax Invoice system

- Department of Finance of the State of Sao Paulo launched the Tax Invoice System in 2007
  - Conceived to reduce tax evasion by providing incentives to consumers to asks for receipts
  - In 2015 this program has nearly 17 million active users
- The project was given top priority by São Paulo State governor and was led by a heavy-weight manager
  - This was the largest project in Department of Finance at that time
  - Involves many new features to Department of Finance
  - The first set of modules was developed in less than one year
  - Other modules of the system were released in 2008 and 2009

Research Objective and Method

- Objective: understand the project management process in the development of the Tax Invoice System in 2007

- Research method

  ✓ Previous researches on the SP Tax Invoice System

    ○ Legal aspects

    ○ Impact assessment

    ○ No previous research on the project management

  ✓ Interviews with project members

    ○ Five interviews (including project manager)

Heavy-weight Manager and His Approach in Managing this Project

- Tax Invoice System project manager: Mr. Tormin

  - ✓ Mr. Tormin was also deputy commissioner of the Department of Finance

  - ✓ Mr. Tormin has worked with the commissioner of the Department of Finance in many similar projects previously

  - ✓ Mr. Tormin is an expert in Brazilian tax system

- Mr. Tormin's project management practice in 2007

  - ✓ Established the deadline for Tax Invoice System launch (2007)

  - ✓ Weekly meetings of key project leaders to check progress, define new tasks and trouble shootings

  - ✓ Mr. Tormin was responsible to obtain resources (IT, people, etc.) to keep the project going

  - ✓ Documentation of software was not a priority

Key Challenges and Solutions Developed

Challenge	Solution	Observation
The acceptance by the retail sector	Well orchestrated publicity campaign	Based on Mr. Tromin's previous experience
Participation of consumers	Development of a lottery draw algorithm to make prize distribution	The need of a lottery was only identified by the end of 2007
Scalability of the existing IT infrastructure to process huge data	Use existing IT infra with the support of Microsoft	
Flexibility in hiring more software and tax professionals in a government organization	Established a special program to hire these professionals by the Department of Finance	Due to long lead time of the government hiring process, the first group of new professionals were hired in 2008 (**FM: certo?**)

Project Timeline

- February 2007: project kicked-off with three teams (business rules, software development, law proposal)

- October 2007: launch of the Tax Invoice System

  - The first users were restaurants (beta testing sector)

- 2008: Implemented in large supermarket chains which forced small retailers to request the installation of the System

- 2009: launch of a module that permit consumers to report tax evaders

- Many improvements have been made since 2008, however, the lack of documentation of softwares has created difficulties for continuing innovation

Discussions

- In a complex and dynamic environment the conventional project management practice is not the best practice

  - ✓ Mr. Tormin's approach is consistent with the "experimental" approach reported by Eisenhardt and Tabrizi (1995)

  - ✓ Also consistent with the "Probe, Sense, & Respond" proposed by French (2012)

- Mr. Tormin's approach is similar to methodologies such as Scrum and Agile in software development

  - ✓ Similarity: periodic meetings

  - ✓ Difference: the Tax Invoice project has more improvisation

Conclusions

- The role of a heavy-weight manager is the key for complex project such as the Tax Invoice System

- Two requirements for the heavy-weight manager:

  - ✓ Power to obtain resources

  - ✓ Deep experience in issues related to the project

- The need to have the law passed by the legislature is a draw back: rigidity for further system innovation

- The accelerated development of the Tax Invoice System has another draw back: poor documentation also impede improvements

Questions?

Thank you!