

## **THE BUSINESS CASE FOR HIGH MATURITY**

### **TECHNICAL NOTE HM-1 3<sup>RD</sup> JUNE, 2020**

At a recent seminar, a client asked the following question: What kind of Business Case would warrant investment in Maturity Level 4/5? This a very good question, and we'll try to provide a sound answer.

The would appear to be two types of value propositions: direct value to the business, and value as may be perceived by the client. Both are important.

### **Value Proposition to the Business**

There are at least three reasons why the company would directly benefit from a High Maturity implementation of the CMMI: it's business capabilities would perform better, the ability to attain business objectives would be improved, and it would start to gain the capacity to optimize its return on improvement dollars.

#### Higher Performing Company Capabilities

The fundamental value to the business is the ability to statistically control the performance (time, capacity, etc.) or work product quality (typically measured as defects) of processes that are critical to the success of the company. It's important to understand that those processes define a company *capability* - for example, a software development process, or a manufacturing work station.

With a High Maturity tool set, the company can postulate what it means to decrease the mean time to perform an operation by 30% while lowering the variance of that operation from 4 hours to 25 minutes. With a High Maturity tool set, the company can also statistically predict what this reduction in operations time and lowering of variance affects the value stream that serves the customer. For example, if the operation in question were actually serving as a constraint on overall through-put, lowering the mean operational time and reducing its variance might improve production rate by 50%! These are the kinds of things a High Maturity capability can help you to predict.

A frequent goal is the reduction of overhead costs. High Maturity, combined with Lean Thinking, can yield back-office capabilities that are statistically certain to yield a significant, predictable reduction in indirect costs.

#### Direct Support for Achieving Business Objectives

Leadership strategies for achieving business objectives is undeniably based on the performance of company capabilities. For example, if a business objective is to move from 23% of market share to 50%, there would be a need to raise the performance of the business capabilities that directly related to that objective. In the service world, decreasing customer response time from 22 hours to 39 minutes, or increasing first-time service provision accuracy from 85% to 99.99%. Increasing the performance of service capabilities does not equate to the achievement of business objectives – but high performing capabilities provides the grist for meeting customer needs and changing customer perceptions.

#### Optimized Investment Opportunities

At ML5, the company has the opportunity to compare the likely business outcomes of investments in process performance. The statistical control of process performance allows the more accurate evaluation of benefits of better-performing company capabilities – and therefore the more accurate

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evaluation of the likelihood of achieving business objectives. To this end, Breakpoint has developed the “brightline” method for optimizing the ROI for performance and quality improvements.

### **Value Proposition as Perceived by Clients**

The value proposition to the clients is that your (High Maturity) process will predictably yield high performance results (by whatever parameters the source agency requires), and does so X% of the time. These performance parameters often come from Performance Work Statements, or other places in the RFP. Research of past and draft RFPs can also provide clues to, or yield the needed parameters.

The value proposition to the customer may be communicated during source selections, on-the-job during contract execution, or between source selections in professional society settings. The fundamental idea is to reflect the performance parameters of importance to the client back to them – with historical, statistical justification.

Something the CMMI Institute has begun working on with the agencies of the Federal Government is to define, in advance, the performance parameters that may be of importance in future procurements - things like product or service defects rates, etc. For companies that have invested in High Maturity and the high performance of critical capabilities, it behooves them to engage current and future clients in discussions of what these performance parameters might be for future work. The Q and A period related to draft RFPs might be a good time to do start or further that conversation.

The past performance part of proposals should, if possible, be responded to with High Maturity answers. For example, “Company X has delivered complex software products with a defect density of less than 1 defect per million lines of code more than 99% of the time.” Wherever it fits in the proposal, the value proposition of High Maturity process performance should be communicated to the customer.

An underlying theme here is that the company is well advised in investing in high performance process parameters that are recognized, or at least will/should be recognized, by the customer.

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