

Translating to the Language of Management

Mike Evanoo, CQE
Senior Principal Consultant

Charlene Fox
Project Integration Coach

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Management Version of This Presentation

Businesses must make money.

Everything else is secondary.

If a process improvement effort is not improving the business of making money, it just isn't important to management.

Agenda

- *Translation Issues for Process Improvement*
- The Value Chain and Use in Translation
- CMMI Related Translation Examples and Issues

The Multiple Business Languages

- ❖ Languages are deeper than speech – languages help define how we think!
- ❖ Process improvement personnel think and speak of:
 - Defined processes
 - Order, variation, constraints, consistency
 - Models and standards
- ❖ Management and executives think and speak of:
 - Revenue, margin, cost
 - Shareholder value
 - Personnel issues
 - Resources and productivity

Effects of the Business Language Barrier

❖ Leadership view

- Focus of process improvement leaders and personnel is not aligned to the business
- Process improvement drives high overhead costs and lack of competitive position

❖ Process improvement group view

- Sponsors are saying the right things but not “walking the talk”

❖ The general organizational view

- Disconnects between the “Process Improvement” activities and the “Real Work”
- Sources for disconnects are BOTH with process improvement personnel and business leaders

Agenda

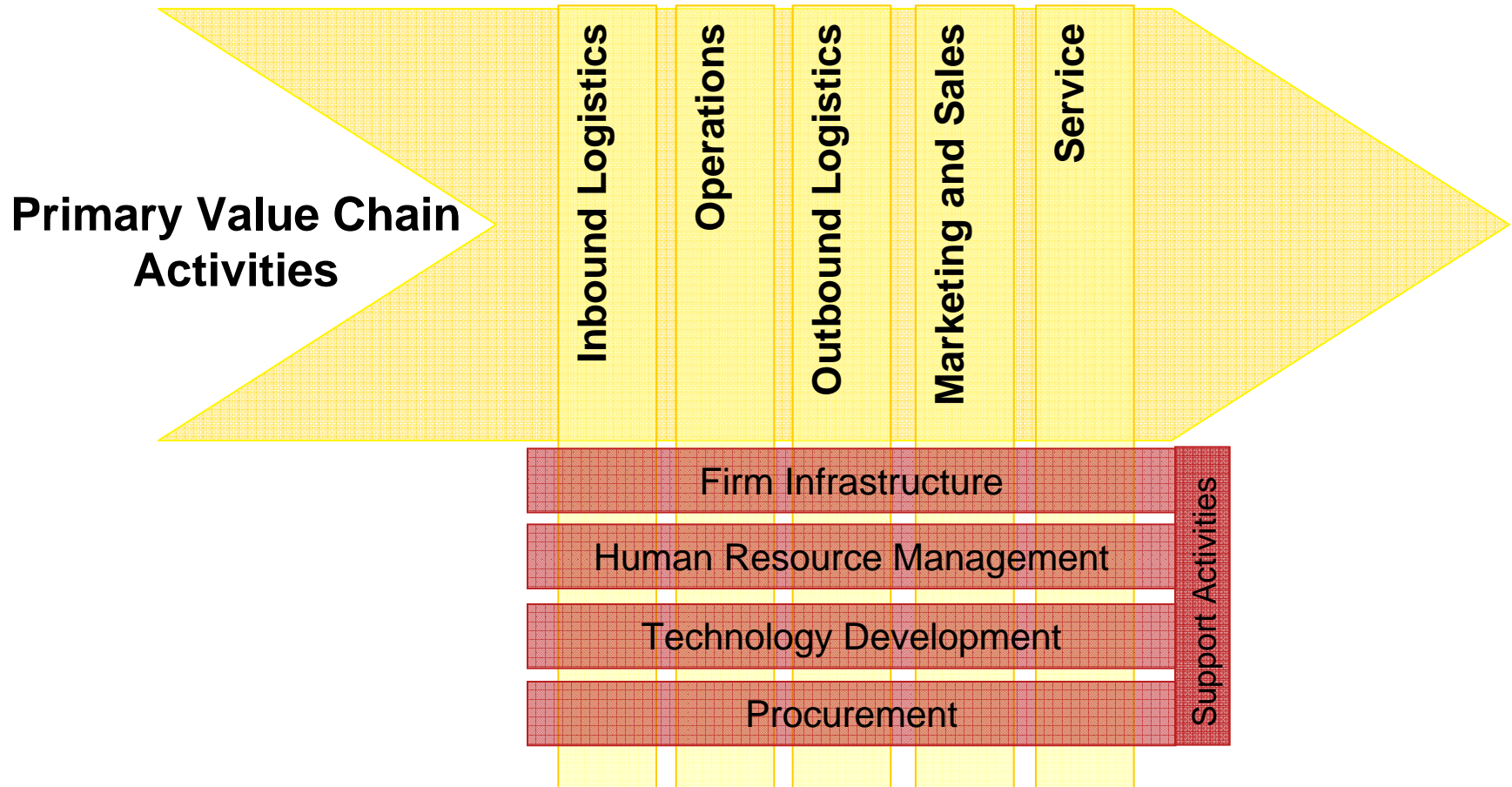
- Translation Issues for Process Improvement
- *The Value Chain and Use in Translation*
- CMMI Related Translation Examples and Issues

Effective Translation: Focus on the Impact to the Value Chain

- ❖ Value Chain Analysis originally introduced by Michael Porter in Competitive Advantage and further grown through use, such as in Six Sigma
- ❖ Activities on the Value Chain:
 - Activities needed to directly produce and sell the product or to establish and provide services
 - Activities that increase the bottom line
- ❖ Activities not on the Value Chain:
 - Support activities that may still be necessary for the business to survive
 - These activities must be directly aligned to activities on the value chain
 - The farther away from the value chain, the less direct effect on the bottom line and the less important the activity is to management

The key to translating to business is to communicate how the process improvement activities affect the bottom line – the value chain.

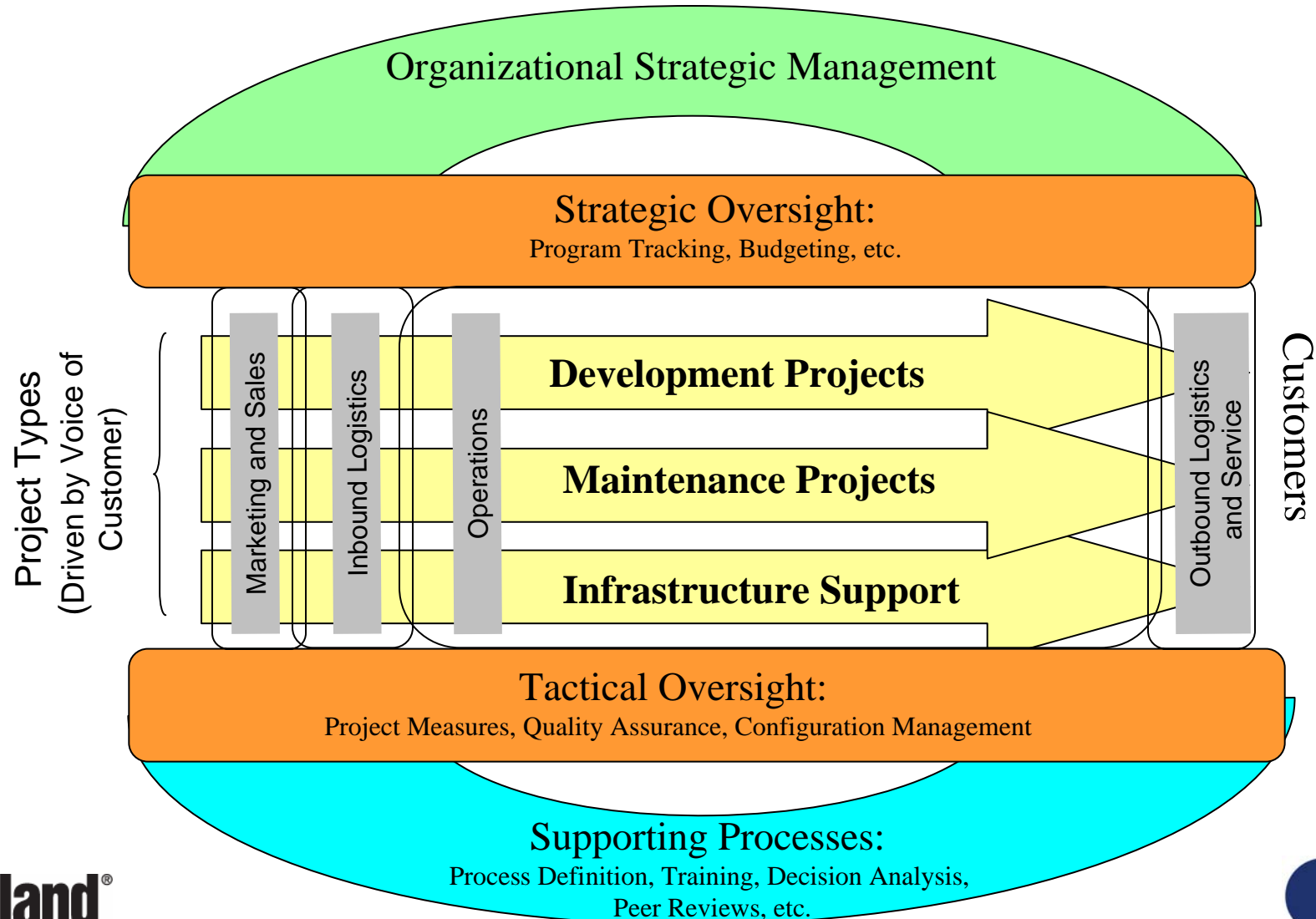
The Primary Value Chain



Primary Value Chain Activities in Software

- ❖ Marketing and Sales – usually happens at the beginning of the cycle
 - Proposals and sales
 - Usually Plan Phase
- ❖ Inbound Logistics
 - Requirements Development
 - Usually Define Phase
- ❖ Operations
 - Development
 - Production Support and Maintenance Activities
 - Usually Construct or Execution Phase
- ❖ Outbound Logistics
 - Release management and Deployment Activities
 - Usually part of Deploy Phase
- ❖ Service
 - Maintenance contracts: Help Desk operations, Enhancements
 - Usually part of Deploy phase

Software Organization Process Map with Value Chain Considered



Related Concept: “illities” and “ings”

- ❖ “illities” are good things we want to increase in our products – on the Value Chain
 - Reliability
 - Maintainability
 - Serviceability
 - Usability
- ❖ “ings” are areas we want to minimize or eliminate - not on the Value Chain
 - Inspecting
 - Reviewing
 - Training

Another Translation Aid: The Balanced Scorecard

- ❖ Balanced Scorecards (BSCs) are widely used
- ❖ Commonly use the following categories:
 - Business Value
 - Customer Satisfaction
 - Internal Processes
 - Learning and Growth
- ❖ BSCs should illuminate issues regarding activities on the Value Chain (the reverse would not necessarily be true!)
- ❖ If any would not, ask why not and solve
- ❖ Use the BSC to translate – similar to Value Chain

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- *CMMI Related Translation Examples and Issues*

CMMI related Translations: OPF/OPD

❖ Common Questions/Concerns:

- What is the value in having a standardized process infrastructure?
- Having a standard process infrastructure will decrease my flexibility and responsiveness to customers.

❖ Management Translation:

- Time and resources I spend on defining standardized processes I could use for product development – what's my return?
- Standardized processes means everything is the same – doesn't it?

❖ Potential Bottom Line Results:

- Decreased costs
 - Decrease in duration of projects and effort expended.
 - Less start-up expenses
 - Increased ability to share resources between projects
- Increased margin from increased efficiencies

CMMI related Translations: Organizational Training

❖ Common Questions/Concerns:

- What value do I gain in training people instead of hiring people that are fully trained?
- Why should I train people instead of defining detailed processes?

❖ Management Translation:

- Training is an overhead expense (not a primary Value Chain activity) – help me minimize my spend in this area.
- Why do I need to train people?

❖ Potential Bottom Line Results:

- Decreased costs
 - Increased ability to share resources between projects
 - Decreased expenses in start-up

CMMI related Translations: Measurement and Analysis

❖ Common Questions/Concerns:

- We can't measure because there's too much variation.
- Measures don't apply because the activities are based on people.
- We tried to put measures in place and they were useless so we stopped using them.

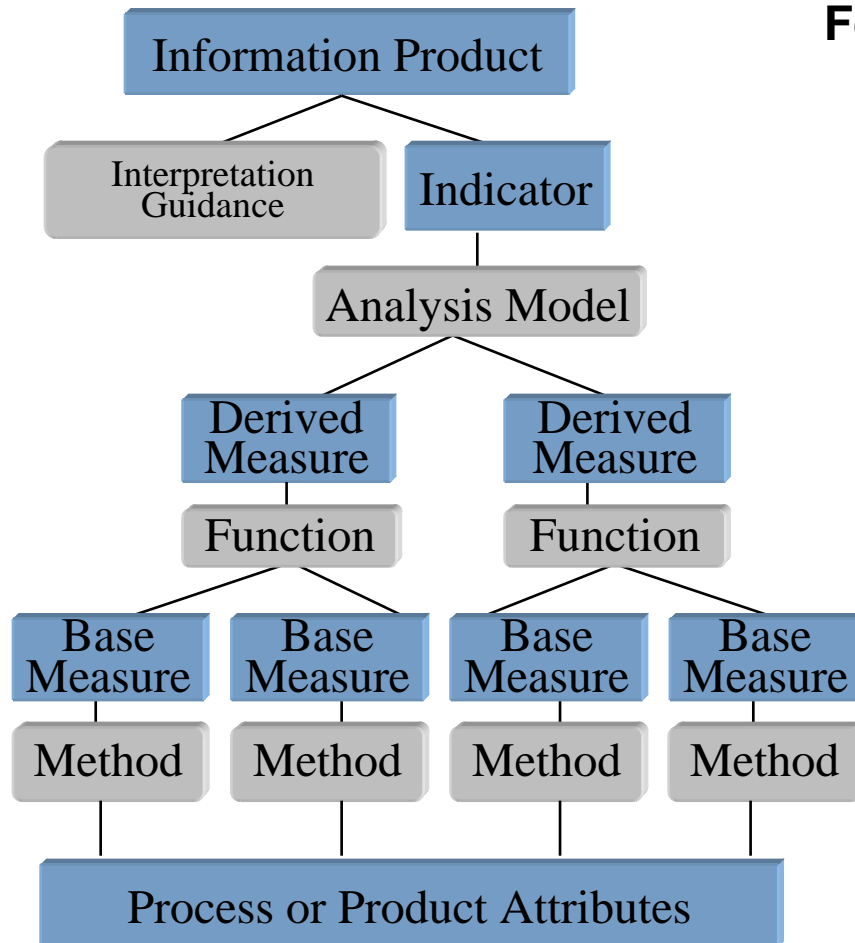
❖ Management Translation:

- I don't want the accountability that measures drive.
- Don't measure everything – just show me what I need to improve my bottom line (value chain).
- Past measurement programs didn't address my information needs.

❖ Potential Bottom Line Results:

- Ability to hit business targets in all areas
 - Allow you to track and begin to predict (e.g., cost, revenue and customer satisfaction targets)
- If you can't measure something you can't manage it!

Link Measures to Decisions: Use a Measurement Construct



For an information need, identify

- the *Information Product*, which can be composed of
- one or more *Indicators*, using
- *Interpretation Guidance*, based on
- *Analysis Model*, which reflects relationships among
- *Derived Measure(s)*, which are developed using
- *Functions*, over *Derived* and/or
- *Base Measures*, which are developed using
- *Methods* of measuring
- *Process or Product Attributes*

Source: Jack McGarry, Beth Layman et al, *Practical Software Measurement: Objective Information for Decision Makers*, Addison-Wesley Publishing Company, Reading MA, 2002

CMMI related Translations: Quality Assurance

❖ Common Questions/Concerns:

- I expect quality from my people, so I don't need QA.
- I have a testing group, so I don't need QA.
- Why do I need QA if my customer is happy?

❖ Management Translation:

- QA is an overhead expense (not on the value chain), so why should I spend money on it?
- QA hasn't been valuable to me or the organization in the past.

❖ Potential Bottom Line Results:

- Provides early warning indicators
- Decreased costs
 - Decreased rework
- Increased customer satisfaction

CMMI related Translations: Configuration Management

❖ Common Questions/Concerns:

- Configuration Management (CM) systems don't allow me to be responsive to my customer.
- CM is too bureaucratic

❖ Management Translation:

- My customers don't understand the life-cycle costs they incur from a lack of CM.
- The life-cycle costs will be someone else's problems so why should I worry about it?
- CM systems I've worked with haven't been tailored to the needs of the projects.

❖ Potential Bottom Line Results:

- Decreased costs
 - Decreased life-cycle costs, decreased rework
- Increased customer satisfaction

CMMI related Translations: High Maturity (Level 4 and 5)

❖ Common Questions/Concerns:

- We only need to go to Level 3 – Level 4 and 5 are only for life-critical software.
- Level 4 and 5 cost a lot and there isn't much, if any, financial return.
- When do I get a return from Level 2 and 3?

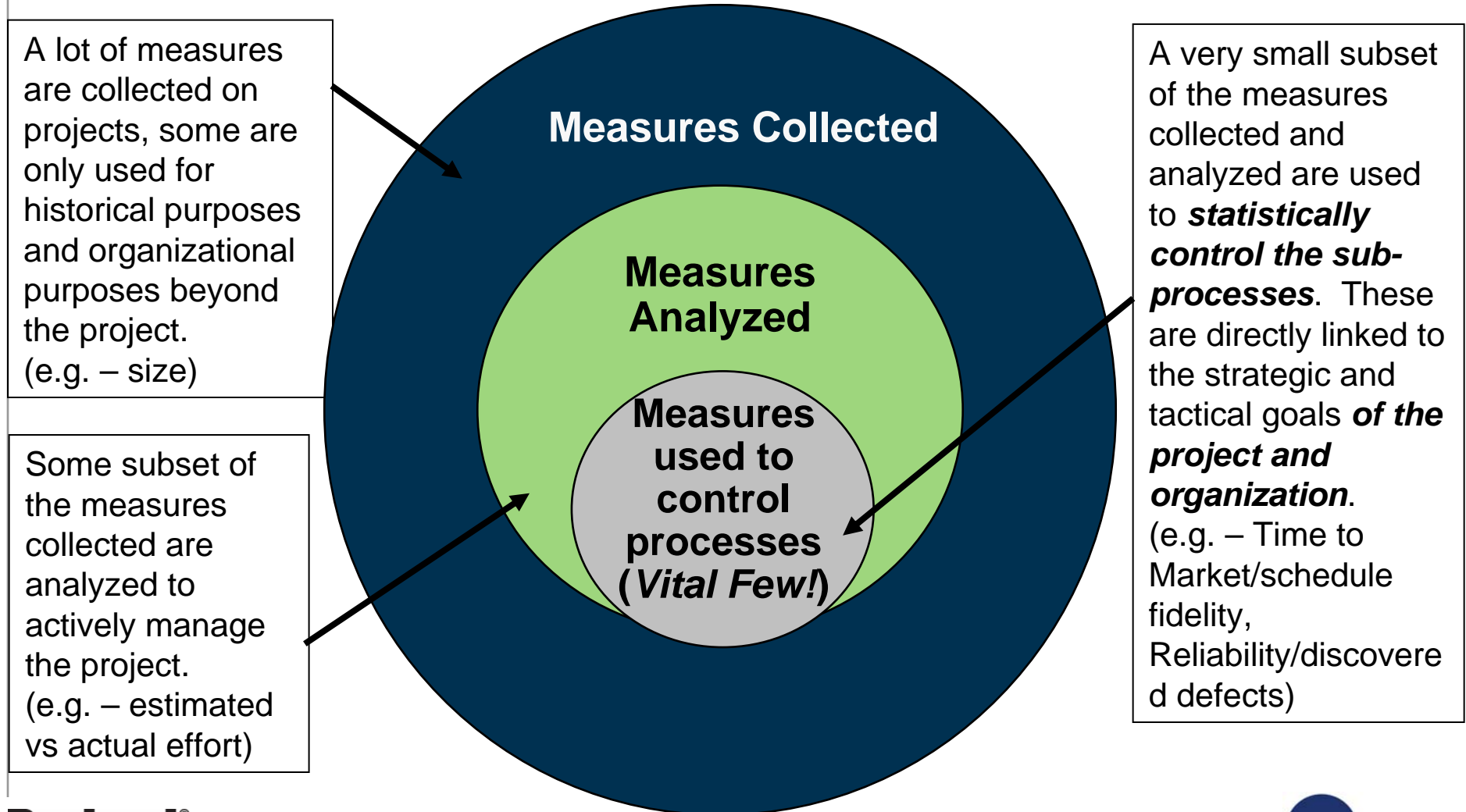
❖ Management Translation:

- I believe that Level 4 and 5 are about software defects and metrics.
- I don't understand the focus of Level 4 and 5.
- I'm trying to decide whether to keep funding this whole process improvement effort.

❖ Potential Bottom Line Results:

- Ability to truly predict hitting business targets
- Clear focus on business targets
- Understanding what affects business targets

At High Maturity “Vital Few” are Controlled and Resources are Focused



Translation Issues

- ❖ Listen actively to what is being said
- ❖ Always keep asking what value any “improvement” activity is providing to the bottom line – always go back to the value chain.
- ❖ Never assume any change is an improvement until it’s proven.
- ❖ Strive to express impact in financial terms
- ❖ Don’t get lost in translation
 - Don’t get so caught up in trying to translate issues that you lose the issue itself
- ❖ Don’t cry wolf
 - Focus on what’s important
- ❖ Be realistic and define agreed upon requirements clearly!
 - Don’t try to build a process mansion if the business leaders only need a grass shack

Review

- Translation Issues for Process Improvement
- The Value Chain and Use in Translation
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- Questions???

References

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Contact Information

❖ Mike Evanoo, CQE

Senior Principal Consultant
Borland Worldwide Services
Borland Software
Corporation

Mike.Evanoo@borland.com

www.borland.com

❖ Charlene Fox

Project Integration Coach
EDS - PMD Metrics
USGS Centre for Enabling Client
Excellence

Charlene.Fox@eds.com

www.eds.com