Build Capabilities to Win
Agenda

• What Are Capabilities?
• What Is CMMI® Institute?
• CMMI Drives Results
  • Quantitative and Qualitative
• The Global Impact of CMMI
• Next Steps
What Are Capabilities?

McKinsey & Company defines capability as:

“anything an organization does well that drives meaningful business results.”

Source: “Building Organizational Capability”, McKinsey Global Survey Results, March 2010;
Capabilities Have Staying Power

Developing capabilities has remained a successful management strategy, while other fads have come and gone.

- **1992**: Harvard Business Review says capabilities are key to successful strategy implementation.
- **2010**: 90% of organizations say building capabilities is a top-ten priority, according to McKinsey & Co.
- **2014**: The Boston Consulting Group highlights capability assessments as the first step toward sustained success.

Capabilities Are Table Stakes

Executives say building capabilities is a top priority for their companies...

• 58 percent say it’s among their companies’ top three priorities
• and 90 percent place it among the top ten

Organizations need to be able to assess their capability levels—to build their capability to win

Source: "Building Organizational Capability", McKinsey Global Survey Results, March 2010
What Is CMMI® Institute?

CMMI Institute leverages over 20 years of ongoing work at Carnegie Mellon University by:

- Members of industry
- Members of government
- The Software Engineering Institute, a research facility funded by the U.S. federal government

This work established the **Capability Maturity Model Integration (CMMI)**, a capability improvement framework that guides organizations in high-performance operations.
CMMI offers a performance-improvement framework for helping organizations implement best practices across eight key capability areas:

- Project and Work Management
- People Management
- Service Delivery and Management
- Process Management
- Supporting Infrastructure
- Product Engineering and Development
- Supplier Management
- Data Management
The Value of Mature Capabilities

- Defects
- Cost
- Time
- Risk

Capabilities

+ Quality
+ Time to Market
+ Customer Satisfaction
+ Performance
Improved Quality

• Well-defined processes limit opportunities for error.
• Smart supplier management ensures quality results.
• Strategic people management empowers team members to develop skills that will help the organization succeed.

Tufts Associated Health Plans decreased software defects by 25%.
Decreased Costs and Enhanced Productivity

• Streamlined processes allow teams to integrate and collaborate more efficiently.

• Standardized project management practices reduce redundancy and waste.

• Identifying skill gaps helps break down workflow bottlenecks.

General Dynamics reduced maintenance staff costs by 64% while doubling the size of the organization.
Higher Customer Satisfaction

• Service delivery strategies strengthen weak customer touch points.

• Effective product development instills customer confidence.

• Project management practices help teams meet and manage customer expectations.

Siemens increased their customer satisfaction index an average of 42% in three technical areas.
Improved On-Time Delivery

• Field-tested project management standards keep work on schedule.

• Clear development processes reduce scope creep and deadline extensions.

• Careful vendor management mitigates supplier delays.

JPMorgan Chase reduced average slippage of project delivery dates by 70-80%.
CMMI® Drives Results
Who Uses CMMI®?
CMMI® Drives Results

Results provided by CMMI clients demonstrate that building capabilities produces quantitative and qualitative business results that improve performance.

“CMMI and training programs increase efficiency and software quality by documenting best practices and providing them to all parts of the organization.”

—Torsten Lange, team lead, software excellence, Siemens Corporate Technology, Munich, Germany
Quantitative Results

Case Study: Defense Industry
High CMMI Maturity Reduces Costs for Repair

Potential Cost Savings From $1.9 million to $2.3 million per average-sized program

- 57.7% Fewer Hours Overall
- 88.6 fewer hours in Testing
- Saves 105.3 hours per defect
Qualitative Results

• A reduction in re-work and re-planning
• Increased efficiency tied to consistency across business units
• Improved program insight, control and tracking
• Fewer training hours and streamlined knowledge transfer to new workers
• Better product quality fueled by a lower number of defects
• Higher customer satisfaction

“CMMI will help Futurism Technologies discover the true value we can deliver to our clients.”

—Sheetal Pansare, president and CEO, Futurism Technologies, Pune, India

*based on published benefits from a wide variety of organizations
Case Study: Siemens Corporate Technology

CMMI Assessments have helped Siemens adapt its processes and adopt best practices.

Goal: To transform the historically hardware-focused company into a mature software organization.

CMMI Relationship: Siemens’ first assessment was conducted in 1993. Since then, additional assessments have been done on an as-needed basis.

“CMMI and training programs are a method for increasing efficiency and software quality by documenting best practices and providing them to all parts of the organization.”

—Torsten Lange, team lead, software excellence, Siemens Corporate Technology, Munich, Germany
Case Study: Siemens Corporate Technology

By finding and filling its capability gaps, Siemens has been able to build a mature software development business.

**Tactics:** Siemens used a CMMI assessment to help identify skill and process gaps. With this information, the company created a training and development program that empowers and educates team members.

**Results:** The company has seen improved efficiency, speed and quality in software development projects.

“We have improved by increasing efficiency, becoming faster. We increased the speed of the development of the organization.”

—Torsten Lange, team lead, software excellence, Siemens Corporate Technology, Munich, Germany
Value of CMMI®

“McKesson’s long-standing commitment to quality for our customers is reflected in this achievement. Attaining CMMI Level 3 reaffirms the Clear Coverage team’s dedication to defined development processes that help reduce risk, sustain high quality and support continuous process improvement for our customers.”

—Mike Wood, Senior Vice President, CIO/CTO at McKesson Health Solutions

“Wipro’s focus on combining quality processes with business objectives has resulted in enhanced customer experience. We are certain this CMMI Services journey will further strengthen our integrated ServiceNXT™ offering to improve business outcomes for the company and the customers.”

—Satishchandra Doreswamy, Chief Business Operations Officer, Wipro Limited.
Value of CMMI®

CMMI Appraisals help organizations highlight their standards of excellence—and showcase their competitive advantage.

“The achievement of CMMI Level 3 is another differentiator for Criterion as we join the ranks of the few small businesses that have achieved this prestigious rating.”

—Promod Sharma, president and CEO, Criterion, Vienna, Virginia, USA

“This CMMI Level 5 appraisal is a reflection of the commitment that we make to our customers in delivering best-in-class services to help them transform their businesses.”

—Michael Feinberg, CTO, NetCracker, Waltham, Massachusetts, USA

See who else uses CMMI at http://cmmiinstitute.com/who-uses-cmmi
The Global Impact of CMMI®

- Over 10,000 organizations
- 101 countries
- 12 national governments
- 10 languages
- 500 partners
- 1,600+ appraisals in 2014
CMMI® Works for Organizations of All Sizes

Number of Employees:

- 1 to 100: 58.2%
- 101 to 500: 36.2%
- 501 to 2000+: 13%

Source for these statistical analyses: http://cmmiinstitute.com/resources/process-maturity-profile-december-2014
CMMI® Works Across Sectors

Services 71.2%

Business Services 35.0%

Manufacturing 16.6%

Transportation, Communication, Electric, Gas and Sanitary Services 3.6%
Finance, Insurance and Real Estate 5.5%
Public Administration (including Defense) 3.2%
Electronic & Other Electric Equipment 10.4%
Instruments And Related Products 1.0%
Transportation Equipment 2.4%
Other Manufacturing Industries 2.8%
Health Services 1.3%
Other Services 10.7%

Source for these statistical analyses: http://cmmiinstitute.com/resources/process-maturity-profile-december-2014
Just Getting Started?

• Learn more about CMMI’s eight key capability areas at cmmiinstitute.com/capability-areas.

• Take a deeper look at you capabilities by using the Virtual CMMI Advisor at AssessYourCapability.com

• Empower your employees to earn CMMI certifications that boost business results at cmmiinstitute.com/certifications.

• Help your people develop skills that will drive the organization’s success. Find courses at http://cmmiinstitute.com/training/

• Explore CMMI’s organizational frameworks
  – CMMI For Development (CMMI-DEV model)
  – CMMI For Acquisition (CMMI-ACQ model)
  – CMMI For Services (CMMI-SVC model)
  – People Capability Maturity Model (People CMM)
  – Data Management Maturity Model (DMM)
Take Your Capabilities to the Next Level

• Contact a CMMI Institute Partner to receive a full appraisal and learn what your organization can do to increase its maturity.

• Empower your employees to earn CMMI certifications that boost business results at cmmiinstitute.com/certifications.

• Help your people develop the skills that will drive the organization’s success. Find courses at http://cmmiinstitute.com/training/

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Thank You