



Enhancing Risk Management through BD Process Integration

Presented by

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to the

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Agenda

- Why must risk be understood in terms of value?**
- How does the pre-contract effort set the stage?**
- What does the BD-CMM provide?**
- How do BD-CMM key practices increase value and reduce risk?**
- What benefits derive from integrating the business life cycle?**

Delivery Value Is...

- ❑ Defined by the Customer's needs and expectations
- ❑ Bounded by cost/schedule realities of both the Customer and the Provider
- ❑ Judged against standards of acceptable program risk
- ❑ Measured against the Provider's ability to deliver the desired solution under contract

Value and Customer Expectations

- ❑ Links delivery to ultimate “mission need”
- ❑ Defines success criteria
- ❑ Emphasizes use and usability
- ❑ Introduces complexity of a diverse Customer environment
 - Buyers
 - Developers
 - Users
 - Maintainers
 - Others

Value and Cost/Schedule Realities

- ❑ Create dilemma of mission performance vs. technology maturity
- ❑ Require margins
 - Not necessarily consistent with customer needs and timeline
 - Subject to the unknown
- ❑ Impose limitations on delivery solutions

Value and Program Risk

- ❑ **Must balance Customer needs and expectations with the Provider's internal needs and expectations**
- ❑ **Create tension between functionality and ability to realize profit**
- ❑ **Introduce larger context of viability in the marketplace**

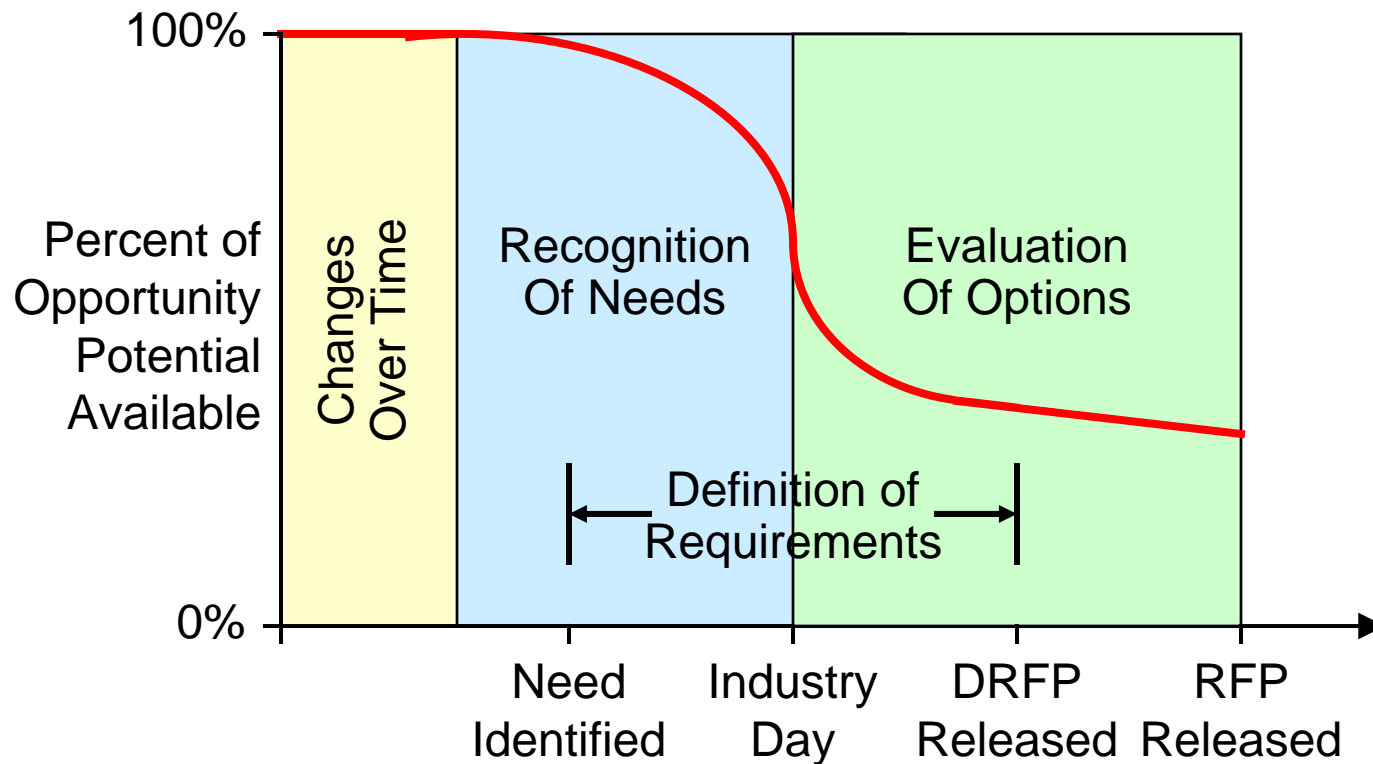
Value and Contract Performance

- ❑ Establishes the customer relationship
- ❑ Pre-defines solution options
- ❑ Sets opportunities and constraints

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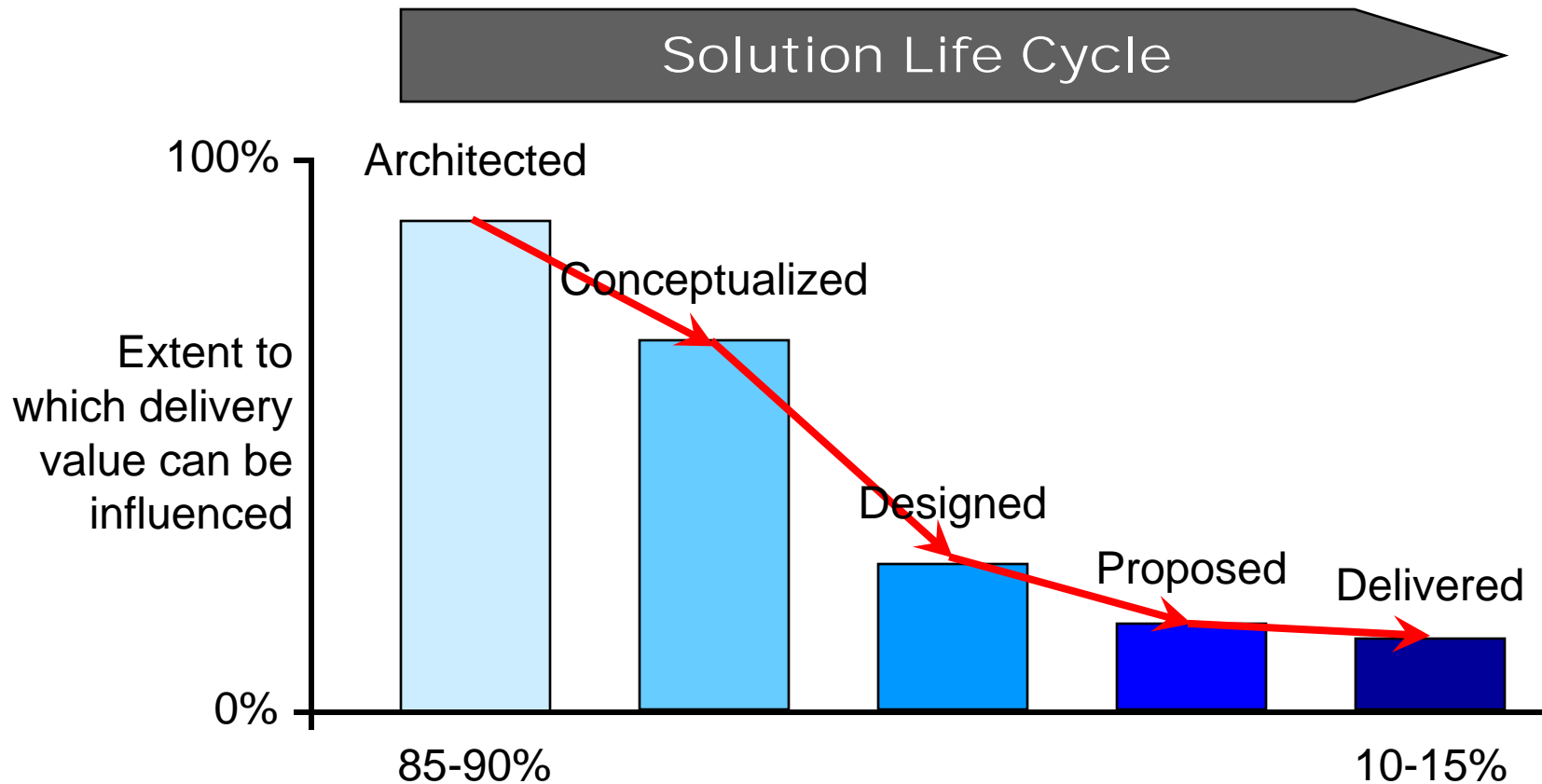
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The "Opportunity Paradigm"



Note: Based on studies conducted by the U.S. Defense Logistics Agency in support of Life Cycle Cost modeling

"Opportunity Paradigm" Applied



Relationship to Delivery Value

BD life cycle offers unique opportunities to pre-determine value

- ❑ **Shape customer expectations**
 - Based on clear understanding of the mission need
- ❑ **Collaborate on value criteria and requirements**
- ❑ **Build working relationship with customer**
 - Involvement with multiple customer communities
- ❑ **Define the “trade space” within which value will be judged – for example,**
 - Concept of U.S. DoD’s “Cost as an Independent Variable”
 - Definition of “best value”
 - Agreements on “targets” and “parameters”

Benefits of an Integrated Approach

- ❑ Aligns delivery and business development cycles
 - ❑ Aligns and integrates BD functions to address delivery (i.e., solution) value and program risk
 - ❑ Improves revenue realization
 - ❑ Improves cost performance
- ... Both creating and managing stakeholder value

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BD-CMM Strategic Objectives



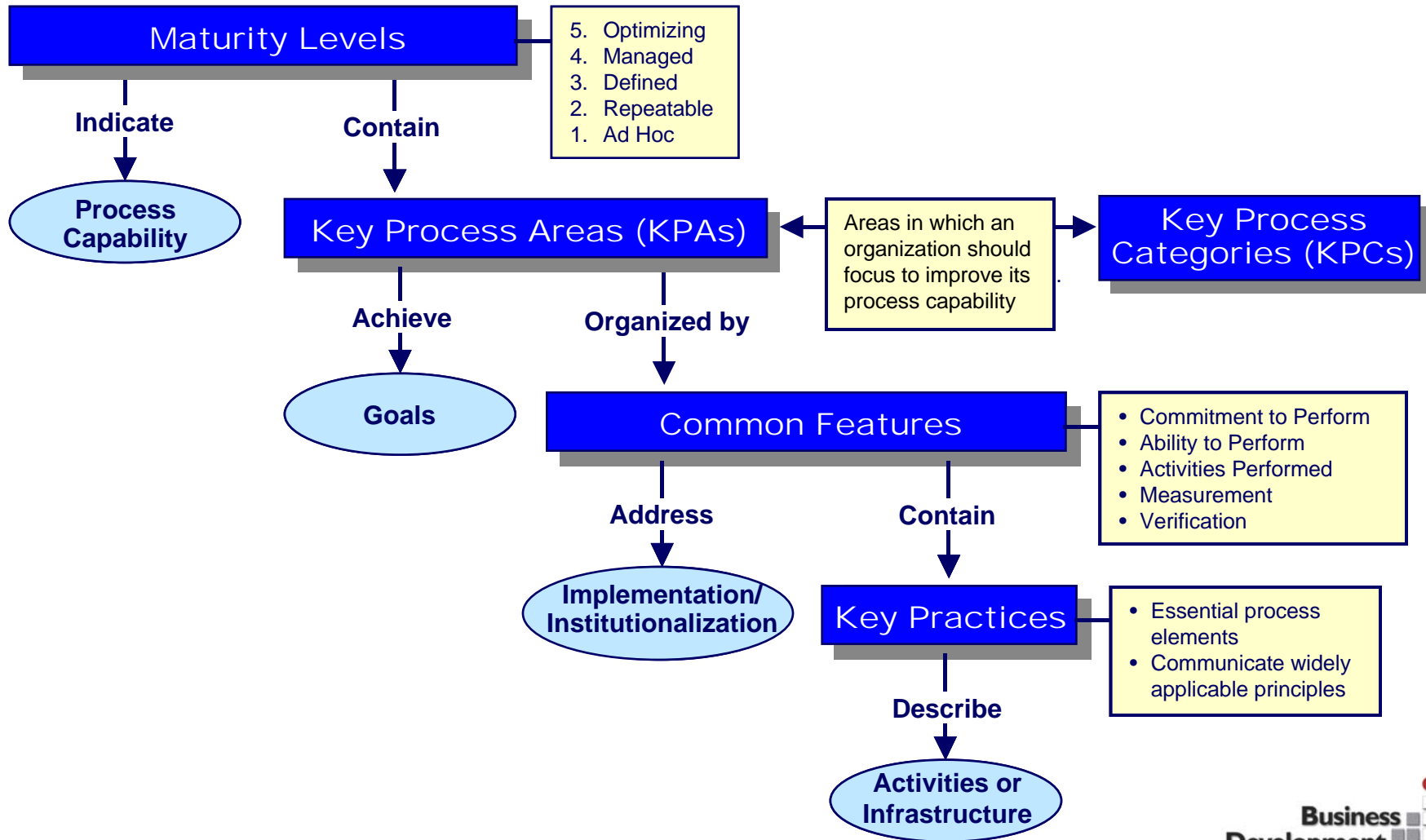
*Developed as a framework,
guide, and path for managing
and improving business
development processes*

- ❑ **Provide a Framework**
 - Description of key elements of business development
- ❑ **Describe a Path**
 - Evolutionary business development improvement path
- ❑ **Give support from a Guide**
 - Key practices for measuring and managing business development performance

Top-Level View of the BD-CMM

Key Process Categories	Customer	Focus	People	Capabilities
Themes	Increasing Customer Value	Improving Performance and Synergy	Building Competencies and Teams	Enhancing Systems and Processes
Levels	Key Process Areas (KPAs)			
5 Optimizing	<ul style="list-style-type: none"> ■ Innovation and Transformation 			
4 Managed	<ul style="list-style-type: none"> ■ Relationship Management 	<ul style="list-style-type: none"> ■ Enterprise Influence ■ Quantitative Process Management 	<ul style="list-style-type: none"> ■ High-Performance Teams 	<ul style="list-style-type: none"> ■ Business Development Systems Integration ■ Infrastructure Management
3 Defined	<ul style="list-style-type: none"> ■ Solution Development 	<ul style="list-style-type: none"> ■ Organizational Tactics ■ Quality Management 	<ul style="list-style-type: none"> ■ Organizational Competencies Development 	<ul style="list-style-type: none"> ■ Business Development Processes ■ Support Systems
2 Repeatable	<ul style="list-style-type: none"> ■ Response Generation 	<ul style="list-style-type: none"> ■ Business Development Administration ■ Quality Control 	<ul style="list-style-type: none"> ■ Individual Skills Development 	<ul style="list-style-type: none"> ■ Sales/Capture Procedures ■ Work Environment
1 Initial	<ul style="list-style-type: none"> ■ Ad Hoc 			

Summary of Overall Structure

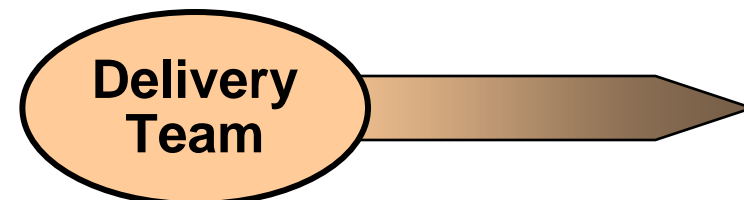
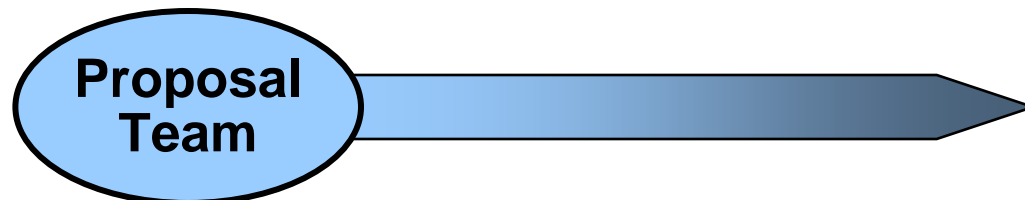
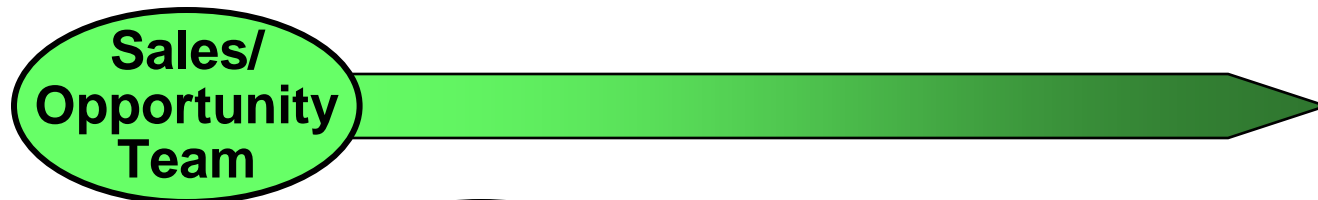


Maturity Brings Value Integration

- ❑ **BD approach documented, standardized, and integrated into the organization**
 - Supported by commitment to BD professionalism
- ❑ **Focus on capture/pursuit management and related activities**
 - Positioning for the sale as primary driver of BD process
- ❑ **Well-defined roles and responsibilities during acquisition cycle**
 - Early solution teams (i.e., technical team as key stakeholders)
 - Timely integration of project management personnel and systems
- ❑ **Process alignment for flow-through to deliver targeted value**

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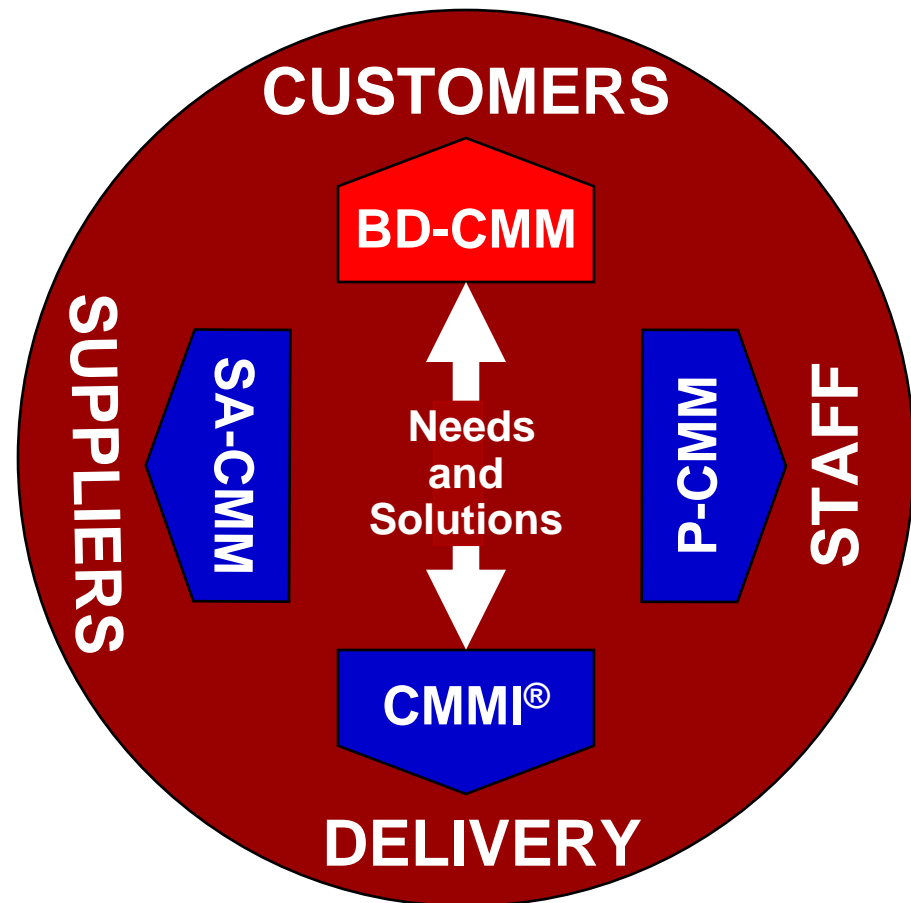
Business Development Process



- ❑ Includes traditional sales and marketing
- ❑ Acknowledges different benchmarks applicable based on process goals
- ❑ Seeks common best practices

BD-CMM Positioning – CMMI®

- ❑ Other SEI CMMs assume contract has been won
- ❑ BD-CMM focuses on those practices which will improve the probability of winning
- ❑ Integration improves connection between Business Development and Delivery



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KEY PROCESS AREA:

Solution Development

KPA Goals

- ❑ Deploy and use a **standard approach to solution development that fosters customer collaboration** and assures resultant customer value and competitive discrimination
- ❑ Promote **early solution development teams** and support them through meaningful engagement of senior management

Relevant Activities

- ❑ Solution teams routinely use customer preferences, needs, and requirements as a basis for customer interaction and response
- ❑ Customer solution preferences are documented and communicated throughout the solution development process to the response team
- ❑ Teams collaborate with customers in developing and evaluating alternative solutions to customer needs
- ❑ Customer interaction is maintained as long as possible to assure understanding of the value sought

Value Impact: Solution architecture is established as part of a proactive, value-based approach that involves key stakeholders

KEY PROCESS AREA:

Organizational Tactics

KPA Goals

- ❑ **Establish and support a BD process group to**
 - **Coordinate and centralize BD activities across the organization**
 - **Assure that lessons learned are collected and used**

Relevant Activities

- ❑ **A business-development support strategy is deployed, with checklists used through-out the process to validate performance**
- ❑ **Opportunities are selected based on well established pursuit criteria**
- ❑ **Appropriate personnel are assigned and authorized to perform pursuit tasks in accordance with process requirements**

Value Impact: Pursuit criteria align capabilities and customer value propositions to assure that what is proposed can be delivered

KEY PROCESS AREA:

Org. Competencies Development

KPA Goals

- ❑ Define core competencies needed for effective business development and communicate them throughout the organization

Relevant Activities

- ❑ The organization identifies core competencies to be developed and sustained for its business-development functions
- ❑ Training is augmented through work assignments aimed at enhancing competencies or fulfilling career development criteria
- ❑ Individuals understand their roles and responsibilities on sales/capture and proposal teams

Value Impact: Defined competencies address and institutionalize delivery team roles within the business development process

KEY PROCESS AREA:

Business Development Processes

KPA Goals

- ❑ Deploy and use a standard BD process throughout the entire organization
- ❑ Maintain consistency across BD work products by
 - Integrating methods, tools, and disciplines
 - Systematically analyzing BD performance and direct customer feedback

Relevant Activities

- ❑ Appropriate sales/capture methods and tools are integrated into defined business-development process
- ❑ BD methodologies are developed, maintained, documented, and verified by systematically analyzing business-development performance and direct customer feedback
- ❑ Consistency is maintained across business-development work products including planning, marketing, advertising, sales, and solution development

Value Impact: Standard BD processes address relevant interfaces with other organizational processes & assure that key stakeholders are engaged in appropriate ways

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Strategic Integration

- ❑ **Extend relevant disciplines into the business development cycle**
- ❑ **Define roles, “touch points,” and values for all stakeholders at the front end of the business**
- ❑ **Identify and address risks as part of early solution team activities**
 - **Build risk-mitigation strategies as part of solution concepts**
- ❑ **Pre-negotiate success criteria with customers as part of front-end effort**
- ❑ **Design trade space into technical solutions as a business development value**

Benefits

- ❑ Establish value and mitigation of risk as primary drivers in business processes
- ❑ Align business development and delivery for seamless transitions
- ❑ Align and integrate organization-wide functions during business development cycle
 - Front end of the business
- ❑ Improve revenue realization
- ❑ Improve cost/schedule and technical performance
- ❑ Reduce project risk

For additional information:

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About the BD-Institute

Non-profit organization dedicated to promoting leading-edge results in business development through the BD-CMM

- ❑ **Promote and extend best practices in business development**
- ❑ **Provide training, appraisal services, research, knowledge management, and support to small and large businesses around the world**
- ❑ **Maintain an innovative Community of Practice that transforms BD organizations and produces high performance and long-term value for stakeholders**
 - **Alliances with professional societies**
 - **Collaboration with service providers**
 - **Partnering with both government and industry**