



Jed Simms and the origins, development and delivery of **Totally Optimized Projects™ (TOP™)**

The origins

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Delivering 'TOP™'

The origins

I started delivering 'TOP™' through my company Capability Management in 1994, but its origins trace back some six years earlier, when I was head of strategy for a major bank.

In this role I was accountable for strategic planning, operational planning, organisational planning and operational effectiveness. Because I was the only executive outside of IT with an IT background¹, I was given a 'minding' role over the IT area with the goal of improving the value delivered by IT.

This role did not entail IT 'reporting' to me, but they could not start any projects or make any purchases without my approval. In this role I cancelled \$24m of projects in the first few weeks because they were projects going nowhere or their benefits would never out-weigh their costs.

More importantly I began transferring accountability and responsibility for IT management to the business. I established an executive 'IT Executive Committee' to evaluate, approve and prioritise major projects. I had the business units re-justify all their outstanding IT requests (the 'IT-backlog'). Over 90% of these backlogged requests disappeared! The business, when asked, found them to be unjustifiable.

Interestingly, in their place came new IT requests with real business benefits that had not been put forward before because of the 3-year IT-backlog. Thus, by requiring the business to take accountability for its project requests (and thereby its expenditure and value) an immediate improvement in IT value was achieved.

This work initially established the premise that IT value was largely determined by the business and by what the business does and doesn't do.

¹ I had previously pioneered real time computing systems for Black and Decker and ITT Europe, before leading the Australian office automation consulting industry, publishing two books on Word Processing and Office Automation. I had also headed the IT Strategic Planning and Change practices for a major international consultancy.

Going back to basics and challenging the project delivery paradigm

About this time the bank was taken over and as head of strategy in an acquired bank you don't have a lot to do! On the day of the takeover I was offered a job by The Boston Consulting Group (BCG).

Before taking up that role I spent a year researching the answer to the question that my previous role had highlighted, *'Why don't companies get the benefits they expect from projects?'* This was (and still is) a worldwide problem. At this time, in 1991, MIT surveyed 425 CEOs across the USA, Europe and Australia and asked, *'Do you believe you are getting value from your IT investments?'* 100% of these CEO's answered, *'No!'*

But why was this? The IT industry was populated by some of the brightest people around and business management was becoming increasingly involved in IT projects yet the results were not getting any better.

With the failure to get value from IT being such a universal problem I worked on the basis that this was a clear indication that the basic project delivery industry paradigm was wrong. So, rather than try to use the current approaches better, I went back to basics to determine what were the true drivers and destroyers of project value.

I found that the current IT-led project delivery paradigm was limited. It could produce some good results but the capability to realise the full potential of projects lay outside of IT, in the business.

I identified that, **'The business determines the value, IT can control most of the costs'**.

However, this was not a re-expression of the 'user-led IT' paradigm of the (then) previous 10 or so years as this approach came from an IT perspective of: *'How do we get the business to take responsibility for IT?'* I saw that this was the wrong question that had led to the wrong industry answer.

The correct question is, *'How do you effectively enable the business to use IT to improve how it does business, competes and makes money?'* You need to start from the perspective that IT is a business tool, not an end in its own right. No one will beat a path to your door because you have a particular system installed. Your systems are there to support and enable your business strategy — how you do business, compete and make money.

IT must, therefore, be approached from the business strategy perspective.

Management must always ask of any proposed investment, *'How will this investment in IT advance and improve my business?'* To discover the answers, I started by looking at companies' IT plans.

Reconnecting the business and IT strategies

I found that there was a range of IT planning situations – from no IT plan, an IT plan written by and for IT (and often unknown outside IT), to IT plans linked or aligned to the business plan.

These findings showed that there was an evolution or maturing of IT planning approaches.

Yet, none of these approaches adequately linked the IT plans to the business strategy. The reason was quite clear – even the best plans were linking to the wrong business base (in this case, the business plan).

Business plans were chosen as a base because they usually existed. Most companies had a ‘plan’ even if it was only a glorified budget. But business plans have a short-term tactical focus. IT investments are, by their very nature, long term and operational in focus (you don’t change your GL every 1 or 2 years!). There was, therefore, a mismatch between the timeframe and focus of the base document (the business plan) and the IT Plan.

As a result of this mismatch, CIOs complained that their IT plans were soon out of date because the ‘business keeps changing its mind’. This complaint illustrated the problem of mismatched timeframes, but what was the solution?

About this time (1991) I joined BCG as a Regional IT Strategist for the Asia-Pacific region (one of four such strategists in the world). In this role I ran and worked on a number of worldwide studies conducted by BCG into the drivers of IT and project value.

This research confirmed that the two areas of most common failure in managing IT were IT-business strategy alignment and value realisation. I determined to focus on these two areas.

Recognising that many companies do not have a clearly articulated and documented business strategy to work from an alternative source had to be found.

This source was found to be outside the company – namely with the customers. Drucker has defined the purpose of a business is to ‘find and keep customers’. A company’s strategy if it is to be successful must therefore relate to its customers’ expectations and wants.

I therefore developed a ‘Customer Leadership’ approach to IT planning where the first part of the project evaluated the external needs and pressures on the company as well as assessing the internal expectations, capabilities and operational dynamics.

This customer and competitive analysis approach quantified the degrees of alignment between the business and its customers and therefore highlighted opportunities for the company to increase its competitiveness through closer alignment with its customers. Only after having this alignment and the opportunities status agreed by business management would the focus shift to the areas which IT could support and enable — the IT Plan.

This approach led to IT plans that were directly aligned to the company’s market needs, and which focused investment on the areas where IT could make a significant difference. The result was strategies that often cost less than a third of the Big-5 consulting firms’ full IT-automation approach.²

² To illustrate, I created an IT strategy for a Utility with an expected investment cost of \$20m and a return of \$69m; simultaneously for an identical Utility, a major consultancy recommended an investment of \$89m for a return of \$120m.

The discovery of the business '3+2 capability model'

I also focused on the poor value realisation problem. Some of the research I had led at BCG had computed the financial returns over time to the bottom line of individual systems. This research revealed that different companies implementing the same or largely similar systems and technology in the same industry realised very different results. If the technology was the same, the cause of the differences must be non-technical.³

Further analysis found a measurable difference in the 'capability' of the businesses' management and staff. Their capability to define their business needs, generate their business case, manage the business changes and oversee the project's delivery had a major impact on their projects' results.

Importantly this research established a *measurable* correlation between the level of business capability in these project-related areas and the financial returns generated by projects over time.⁴ Five levels of 'capability' were defined.

Level 1 — 'Complacent' — saw companies largely leaving projects to the project team. 'We'll tell them what we want and wait for them to deliver it,' was the attitude. I call this the 'Leave it to Beaver' approach. The financial returns at level-1 are negative over time. That is, the cost of developing, installing and running the solutions (including system maintenance and enhancements) exceeded the returns the business gained over 4-5 years. The fears of CEOs that their business was not getting value from IT and their projects were confirmed!

Most companies were around level-1 capability in the late 1980s and 1990s.

Level 2 — 'Confused' — saw business management trying to get involved in projects but not really understanding what they were doing. Some of their interventions actually destroyed value! (Hence the name 'confused') However, overall the level of benefits generated increased to be equal with the level of investment. Invest \$1m and you'll generate \$1m worth of benefits over the 4-5 years. Still not a great return!

Level-2 sees some disciplines being introduced — Governance Committees, formal business cases, project management and so on. Many companies developed to this level of maturity during the 1990s and early 2000s.

Level 3 — 'Confident' — is the level of capability that some organizations are at now or are aspiring to be at shortly. Level-3 sees the peaking of the IT-based approaches. (COBIT) Optimum IT-based needs identification, IT-led change programmes can get you to level-3 capability but not beyond.

At level-3 the financial returns are positive (invest \$1m, generate \$1.5 in benefits). But there is a real danger here that because some positive returns are now being generated business management will believe they have 'cracked the value-delivery problem'! While they have improved their results, the real value opportunities are at levels-4 and 5.

Levels-4 and 5 require a new, different, business strategy perspective, a breakpoint with the past methodologies. The focus at level-4 also now alters from 'IT' and project delivery to totally optimized projects.

However, still too few companies are moving towards or are at 'level-3' in project delivery capability.

Level 4 — 'Competent' — brings a business strategy-based approach to all aspects of change. Instead of being a 'black art' IT is now seen as an enabler of change, a business tool to be run like any other business support tool.

The financial returns at level-4 are 3:1 — three times the returns of level-2 and double the returns of level-3!

How is this achieved? The project delivery tools and approaches are redefined in terms of focusing on changing the business to achieve measurable business outcomes and deliver the associated value with any IT elements subsumed to a support role.

³ Indeed, I had proved Nick Carr's proposition that "IT (technology) doesn't matter" over ten years before he made this popular.

⁴ This research and its business implications is described in detail in "Project Delivery Capability — the next competitive battleground" an eBook available from totallyoptimizedprojects.com

The value delivery plans have multiple streams of activity of which only one is technology. The business is now fully driving change (and IT) for value.

Few companies have reached level-4 in capability creating an opportunity to exploit valued delivery management as a competitive edge and generate greater returns for less investment. This is now my primary area of focus.

At the final level of capability, Level 5 — ‘Capable’ — Change and value delivery is an integral component of how the business works, competes and makes money. Knowing how to lead, direct and control change to generate value is known and practised intuitively by the company’s management and staff. Currently, there are very few companies at level 5 worldwide. The route to level-5 is to be very competent at level-4.

I presented this correlation between business-capability-maturity and IT-results findings to BCG. With it being known that there is no correlation between the levels of IT expenditure and IT returns gained, finding a correlation between a measurable business capability and IT/change projects returns was a significant advance. However, BCG decided it was not interested in pursuing its implications and allowed me to use my findings. I therefore left BCG to found Capability Management.

Redefining consultancy and introducing ‘capability transfer’

On founding Capability Management (in 1994) I then looked to see how companies could be fast-tracked to a level-4 capability thereby substantially increasing their financial returns from projects. I quickly identified that conventional consulting approaches would not achieve the necessary capability development within our clients.

While at the Bank, I had also been given the role of buying all the consultancy for the Bank (on the basis it took an (ex-)consultant to know how best to buy consultancy).⁵ From this experience I had generated a long list of what I *hated* about consultants and how they worked. I therefore decided to establish a consultancy that did not repeat these problems.

My solution included only using experienced line managers as consultants (ie practical business people not university-trained theoretical or inexperienced consultants). These consultants brought business acumen and practical experience to each assignment.

My consulting solution also included leveraging the client staff’s knowledge and experience. Rather than the consultants coming in as ‘the experts’ my consultants would recognise the existing management and staff’s expertise (their ‘deep smarts’). The staff knew their industry and company better than any consultants ever would. What they don’t always know is how to improve it and make significant changes. This was the expertise that my consultants brought.

This full client-staff involvement approach had several advantages over conventional consulting assignments:

- Client staff understood the business solution generated (as they had come up with it)
- They ‘owned’ the outcome and were committed to seeing it realised (generating a momentum *for* change rather than resistance to change)
- They also generated practical achievable outcomes — many ERP system implementations have found that attempting to leap from, say, a primitive process to ‘world’s best practice’ (whatever that is) is usually impractical.

This client staff-facilitated approach also assured the business solution could be achieved and could then be improved (using the learnt skills) upon once the benefits had been realised.

However, I saw the opportunity to further increase the value delivered to clients. Rather than ‘borrowing the client’s watch to tell them the time, and then walking off with it’, I would not only deliver the business solutions but also transfer to the client staff the capability to generate further value from business solutions after we had gone.

This ‘Capability Transfer’ approach involved training client staff in my value delivery processes, coaching them as they became experienced and supporting them in the delivery of the outcomes. Staff who had never thought in terms of processes before were rapidly equipped with the skills and tools to map, simplify, informate and specify process logic. These skills could (and have been) then applied to other business problems with excellent results.

This goal — to transfer capability to the client staff — meant that the approaches used had to be simple and easy to learn. This was achieved by breaking each process into a series of highly focused simple process steps that progressively built towards the target outcome. Client staff could learn one step at a time, action it, understand it and then move on to the next step.

In this way consultancy ceased to be a ‘magic art’ for which you had to have a MBA, and became an easy to learn process that delivered a series of progressive results and maximum value.

⁵ Some of these experiences are now captured in my ebook, “Consultants.CON” available from totallyoptimizedprojects.com

Redefining the way business leads, directs and controls projects

Which leads us to the design of my value-focused ‘programs’. My intention was to deliver simple-to-use, highly mature (level-4) TOP™ processes so that companies could generate three times more value than they usually achieved from their conventionally delivered projects.

This required doing things differently.

The first key to achieving this was to switch from the conventional IT-based approaches to wholly business strategy driven approaches. This philosophy is demonstrated in my book, THE SEARCH,⁶ published in 2001, a book on business IT-management written in the form of a novel with the key lessons woven into the story.

The second key was to focus all of the programs on the delivery, realisation and management of business value. Rather than having a focus on, say, systems delivery or just cost, my programs were totally focused on the ultimate objective of any project, namely, to deliver business outcomes and value that move organisations to the next level of performance.

The third key was to start the optimized value delivery process on day-1. Optimization is not an activity that starts when you get to the ‘implementation step’, it is the process you start the first day of the project. Each step must prepare staff for, generate an acceptance of, plan for and then optimize the project to deliver optimum value – a new and better way of working.

This requires the approaches used to change people’s mindsets as well as their processes. People have to change the way they think about the status quo and the future. This mindset change has to be managed as a continual process. Hence our use of ‘deep smarts®’⁷ techniques to tap into people’s non-conscious to get the best results.

IT-based approaches tend to ignore the internal people aspects. They tend to assume that where the processes and systems go, the people’s hearts and minds will follow. But they also talk about the need to create ‘burning decks’ to overcome ‘resistance to change’. This thinking seems to ignore the fact that their approaches create this resistance to change!

People do not resist change per se. They do resist change that is not understandable, poorly communicated, inappropriate or badly implemented. This list just about sums up the characteristics of many companies’ change programs!

However, through my staff involvement consulting approach, their involvement in, say, the definition of the ‘desired business outcomes’ ensures these outcomes’ subsequent realisation is sought after rather than resisted. This change in staff attitude from resistance to desire alone can make a significant difference to the speed and comprehensiveness of the implementation and the value generated. When the people impacted by change want things to happen, they happen!

The final key was to package the necessary steps into ‘programs’ that would consistently deliver excellent results, could be easily learnt by client staff and that would rapidly develop the client’s capability to level-4.

This led to the development of my core TOP™ Programs — which include:

- **Project Initiation** — to set up the project for success – culling any projects that failed two or more of the many tests that Initiation sets – eg relevance, feasibility, doability. Initiation makes sure the project can be delivered before investing vast sums in its delivery.
- **Business Simplification** — to specify business needs in process terms — how the firm wants to operate, do business, compete and make money in the future. Generates business needs, software selection and use-case bases.
- **Business Value Quantification** — to identify all the business benefits and any potential value-destroyers so as to generate a realistic and comprehensive value-based business case.

⁶ “The Search” is available from project-sponsor.com eBooks.

⁷ Deep Smarts® is a registered trademark of Prestige Ideas Pty Ltd and is used under licence.

- **Business Transformation**— to realise the business benefits, to move the business and its staff from its current to its desired state. Ensuring ‘change management’ became ‘improvement management’.
- **Business Benefits Management** — to enable the business outcomes, benefits and value to be identified, maximized, quantified, tracked and delivered to increase the value realized.
- **Business Project Governance** — to enable business management to play an active and informed role that contributes to and assures the successful completion of the project. Makes time spent on governance useful and valuable.
- **Project Investment Management** — to enable the business to evaluate, prioritise and approve projects as appropriate at the corporate planning, initiation and business case stages while tracking to ensure the planned benefits and value are realized and the overall return on funds invested increases over time.

These and other programs enabled companies to master change as well as successfully and consistently deliver the business value expected. Conventional project, quality and IT-based approaches are unable to deliver comparable results.

In 2004 these programs were selected as one of “Australia’s Most Innovative Products” by the Australian Information Industry Association. By then some were 10 years old!

Though these Programs I had finally enabled companies to consistently generate the benefits they have always expected from IT⁸ and other projects.

⁸ I has answered and comprehensively resolved my initial question, “Why don’t companies get the benefits they expect from IT” by providing the means for organizations of all sizes to get the value and benefits they expect from all their projects.

Delivering “TOP™”

With the development and proving of the core programs I had the answer — a series of comprehensive end-to-end value delivery approaches across multiple dimensions. However, each program was a big bite to take on and implement organization-wide.

Research across many organizations found that people wanted to know “How to ...” effectively do each element of the project. Therefore, I took my end-to-end programs and progressively redeveloped them into a series of short, sharp “*How to ...Guides*” for each value delivery step — How to manage scope, identify benefits, manage consultants, manage delivery risk profiles, and so on. Now organizations could adopt them progressively as they needed them on their projects.

However, I found there needed to be something to position each topic area in the light of the changes imposed by the TOP™ perspective.

So I also developed a series of “*Understanding ... Guides*” to support my “How to ...” Guides. Now everyone could read these ‘Understanding ...’ Guides to ensure they all had a common valued-delivery focused understanding of each topic so that they were all ‘on the same page’ literally and metaphorically.

However, there was still one major problem to solve — how to get the business and project teams to work effectively together to deliver value. So I designed each Guide to be

- value delivery focused — always focused on optimizing the value delivered
- process based — deals with one key process end to end, top to bottom
- multi-role in that each covers the roles of the business, project team, PMO and governance team within the same Guide. Now the business has no excuse not to participate effectively.
- simple and easy to use, with full supporting materials and templates supplied.

The final challenge was to make these Guides available to everyone. Distribution and support of this knowledge through the Internet was the obvious answer. So in 2006 I established **project-sponsor.com**.

My objective was to enable TOP™ to become the standard for business driven project delivery.

Now everyone can use my Guides in any size organization. Whether you spend \$500,000 or \$500m on projects, the same guides, approaches and support materials apply. Small organizations can now adopt and use tools and techniques previously only the domain of large organizations and their consulting houses.

In addition, everyone can now adopt my simple value delivery approaches and significantly increase their project success immediately — whether on a single simple project, a large complex project or as part of an overall corporate capability uplift program.

So, finally I’ve achieved my goal — to make simple, effective TOP™ available to any sized organization anywhere in the world.

And it’s only taken 25 years!

TOP™ is available from www.totallyoptimizedprojects.com.

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