

Seven Levels of Project Evolution

Jason Furness | 08/11/2015

E

Every manager, business owner, or executive has had to deal with projects that fail to deliver. Our days are filled with activities that are the consequences of poorly conceived, poorly executed, and poorly tested projects—most noticeably during a new product launch.

The days leading up to a product launch are often frenetic. Late changes come from a variety of sources: Field trials reveal a modification is required through an engineering change, new equipment has “teething troubles,” or suppliers struggling with shipping cause overtime and the airfreight budget is blown. Crisis management becomes the normal operating mode.

Then the launch occurs. Happy days, living the dream! The crisis management may continue for some time, but gradually business settles down—that is, until the next model update or a new flavor is developed, or worse, a recall.

Businesses in this operating mode are missing out on some of the easiest money available.

During the lead up to a launch, processes often change and we design on the run. What looked great on paper doesn’t always work. Disciplined planning and project management go out the window while pursuing “date that must never be missed.” Extra quality checks are added; we nurse along suppliers; we throw people at the problem.

Sadly, once we are in production, many of the Band-Aid fixes become permanent. We compensate for the supplier’s poor performance; necessary tooling changes aren’t developed; we forget all of the compromises made along the way. This kills margin and performance.

Even if you have a product launch with none of these problems, there’s still money to be had by refining your existing products, designs, and supply chain interactions throughout the product life cycle. And your clients can enjoy the benefits of these improvements.

Product improvements come to fruition through project evolution

Project evolution is focused on the project management activities in

an organization. It doesn't matter if the project is a new product, a cost reduction activity, or the introduction of a new training system—they're all projects.

The goals of project evolution are simple:

- Reduce product supply costs year over year.
- Improve product flow throughout the supply chain year over year.
- Deploy improvements in a stable and controlled fashion throughout the product life cycle.

The three key attributes of every project are cost, time, and scope. A project can only be deemed successful if it meets or beats, the targets in all three of the key attributes. Unfortunately most projects miss out on at least one of the three.

Sales people must be able to reliably inform clients (ahead of time) on a new product's capabilities, its performance rate, and the date it will be available. A salesperson who fails to deliver on their commitments loses credibility, trust, and the sale. Excuses don't cut it.

Operations have to deliver continuous improvements in cost and quality in addition to introducing the new products from engineering. In an environment where new products aren't fully process capable before release, it becomes harder and harder to deliver on existing volume requirements. Achieving budget in the face of poor process is just about impossible and continuous improvement projects are parked until the "rush is over."

All departments are negatively affected by poor project management. Financial performance measures go down, and the capacity to build a competitive advantage in any area is curtailed.

Understanding where your current approach sits is a good starting point for helping you through project evolution. There are seven distinct levels to project evolution; you can assess where your current performance is by reading the table below.

project evolution		
	behaviour	title
level 7	We provide customer training, complete all requirements, and have a high level of compliance. This is the best level.	snowball
level 6	Our quality team meets with us to discuss and fix all of our end customer files.	cooperative
level 5	We open our eyes to the right price point for changing how we work with customers.	leveraged
level 4	We plan to get on the right side of our process and our people's program.	systematic
level 3	There is the #1 priority. Service and delivery are great.	one-dimensional
level 2	We are not able to reduce our price and have to change management.	reactionary
level 1	We'll tell you the price when we are finished.	arrogant

Project evolution

Click [here](#) for larger image.

The seven levels of project evolution

Level one: arrogant

"We'll tell you the price when we are finished."

The white-belt project level is where a company's focus is all about itself. The expectation is that the customer (internal or external) has to adapt his plans to fit with the group that is running the project. At this level, not only is the timing undetermined, but also the budget and the level of functionality that will eventually be provided.

It's incredibly frustrating to be a customer of a supplier at this level. Not only do you have no control over what's happening, you usually find that any communication from the supplier is unreliable. The supplier usually displays little concern for the downstream effect of their management style and avoids accountability for their actions. Suppliers who have this level of capability struggle to make money, struggle to gain repeat business, and rarely have a harmonious and productive workplace. The exception to this is the supplier who truly has a unique set of intellectual property, they can still gain repeat business... until their customers find another solution.

Level two: reactionary

"We act on ideas to reduce cost when we have to."

At this level, projects to improve the business (reduce costs, improve performance) are conducted haphazardly and inconsistently. New products are introduced in response to competitor behaviors and cost reductions are targeted when inputs rise in price. Product performance improvements occur in response to major quality issues with customers.

Level two is a step up, however, because at this level the supplier is aware of and responsive to the need to change. Projects in this organization are chaotic, over budget, often late, and saddled with timelines that require perfect execution at every step.

These suppliers usually under-perform financially, and are unpopular with their customers. Their customers may try to micromanage their relationship while seeking alternative solutions.

Level three: one-dimensional

"Cost is No. 1. Service and quality are a given."

The perception that service and quality are a given is common among purchasing executives and those who think they are simplifying decision making by using a "cheapest of three quotes" approach. In reality, service and quality performance are a function of good project and process control, not cost.

A level-three organization is obsessed with cost reduction, not value creation for its customer base. Of the three project management parameters—cost, schedule, and scope—schedule and scope are sacrificed constantly. The value or quality of the client's results is secondary.

Financial performance at this level can be satisfactory, rarely is it outstanding. Clients continue to deal with you, not because you're

outstanding, but because you're tolerable.

Level four: systematic

"We grow margin through our structured cost-reduction program."

At blue-belt level, you are starting to move from chaos and narrowly-focused activities to look at the system.

At this level you structure your approach to all projects, cost reduction, new products, and skill enhancement activities. You start to understand that resources must be focused on the projects that generate the highest return on investment (ROI) for the enterprise, not just the department. The focus is on delivering the ROI by achieving cost, timing, and full scope delivery simultaneously, rather than in competition with each other.

Customers enjoy working with this type of supplier as they are giving customers a very underrated commodity: absolute reliability. As a customer managing a supply chain, you usually have many suppliers who are playing at the lower levels of project evolution. These suppliers consume your time, energy, and other resources. Suppliers who are absolutely reliable and always hit their targets are precious.

Level five: leverage

"We systematically look to create more value by changing how we work with suppliers."

At blue-belt level you run projects for the benefit of the entire company. Moving up to the red belt, you extend the concept to include your suppliers so that you can integrate their ideas and skills, and create even more value for the enterprise.

You actively involve your suppliers in your projects, and while they're not true partners yet, they're conscious of how your behaviors can make life difficult for them, and you'll modify your actions to give them a higher chance of succeeding in delivering their contribution to your project.

Customers may not explicitly see the difference between red-belt and blue-belt levels. What they will see is the results of true collaboration becoming apparent by increased reliability of your performance to timings, budgets, and quality. The financial performance of this organization is improved as the wasted effort inherent in poor project and process management is disappearing.

Suppliers like working with customers who can conduct themselves in this way. The roadblocks to them implementing improved processes internally are reduced, because their customers have removed many of the issues that they created through their (the customer's) own poor performance.

Level six: cooperative

"Our supply chain works with us to take cost out for all of us and

improve flow.”

At brown-belt level you are really starting to build a competitive advantage. Lead times for projects are dramatically shorter, the budgets are always hit, and meeting or exceeding the project scope is the norm. While this sounds like nirvana when you're at the lower levels, it's very achievable. This can be done without spending years of development on the system, and especially without the need for complex additional software.

This necessitates that suppliers win by their involvement. This is the level at which the buzzword “collaboration” takes on its true meaning. If you truly want to gain suppliers' collaboration, you have to treat them well. If you attempt to work with them at the brown-belt level, but your purchasing behavior is at the green-belt level, then collaboration quickly disappears and is replaced by resentment.

Customers (especially internal sales departments) love it when they can reliably talk to their customers about new product launch dates and know that the product will be available, will work, and will be profitable.

Many suppliers have been forced into expensive interim financing arrangements, or even into administration, due to their customers delaying their own programs and deferring orders. Suppliers love it when a customer can be relied upon to hit their launch dates and volumes. Once again, the system works reliably and even more waste can be eliminated.

Financial performance of all parties continues to improve. The reliability of the organization at delivering new products and improved performance becomes a marketable advantage that the company can use to gain future business and stand out from its competitors.

Level seven: snowball

“We provide market-leading service at a significantly smaller cost base to our competitors. This boosts sales.”

At black-belt level the organization's ability to define, plan, execute, and improve project management skill have risen to such a level that it's a competitive advantage in the marketplace. Customers give the supplier more work because it's just easier.

Clients who have achieved a sufficient advantage in this area spend less time competing for work and can hold a higher margin on pricing.

Projects always hit the three key parameters of cost, schedule, and scope.

Delivering on these performance parameters actually takes fewer resources than before, so that the organization can actually process

more projects with the same level of resources. The organization's return on investment continues to improve.

Pull up a chair

Once you have determined where you believe your organization's current performance sits, it's then possible to discuss the key actions to be taken to lift your performance toward the black-belt level.

A project that hits scope and budget but blows out time is severely at risk of being late to market. The product may become a "me too" product that is, at best, second to market. Repeatedly delayed projects will just about guarantee that a competitor who can deliver on time, budget, and scope, will develop a competitive gap in performance that condemns the company to compete with obsolete products, services, and processes on a commodity-pricing approach. This is a recipe for financial ruin.

A project that delivers on time and scope but blows the budget can become a white elephant. The investment may never be recovered and the ongoing operational costs may doom the project to poor financial returns. Again the road to ruin waits.

Achieving budget and timing but failing to achieve the scope means that you have a cost-effective and timely product that doesn't work. Once again, financial failure beckons.

This bears repeating

Project evolution is focused on the project management activities in an organization. It doesn't matter if the project is a new product, a cost reduction activity, or the introduction of a new training system—they're all projects.

You may have noticed that I haven't once referred to the role of software. Likewise, I haven't referred to the role of the ballpoint pen. Both are just tools. The software, like the pen, will do what it's told to do. What to do, when, and how, are key decisions that software can't answer. It's management's role to determine the system and parameters the software or the ballpoint pen will use.

First published on the [Manufacturship blog](#).