



Business Development Capability Maturity Model (BD-CMM)

Presented by Howard Nutt

To APMP SOCAL 2004 Winter Seminar

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Agenda

- ❑ **Introduction**
 - What is the BD-CMM?
- ❑ **The Business Case**
 - Why should you care about BD-CMM for capability growth?
- ❑ **BD-CMM Maturity Levels and Growth Paths**
 - How can you use the BD-CMM in your organization?
- ❑ **Institutionalization of BD-CMM within the Profession**
 - What resources are available to help you implement BD-CMM?
- ❑ **Summary**
 - Where do we go from here?

BD-CMM Structure and Overview

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 			

BD-CMM Strategic Objectives



- *Developed primarily as a framework, guide, and path for managing and improving business development processes*
- *Not currently envisioned for process certification*

Provide a **Framework**

- ❑ Description of key elements of business development

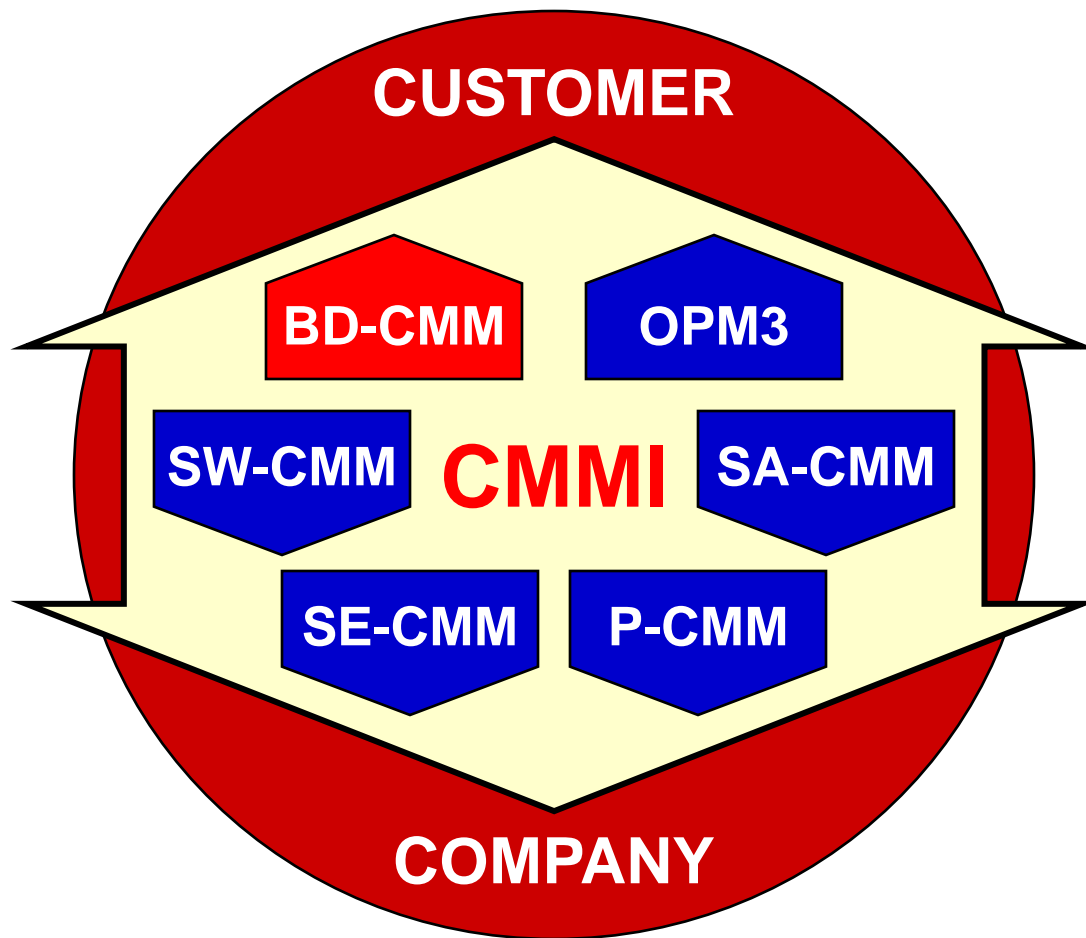
Describe a **Path**

- ❑ Evolutionary business development improvement path

Give support from a **Guide**

- ❑ Key practices for measuring and managing business development performance

BD-CMM, Other CMMs, and CMMI

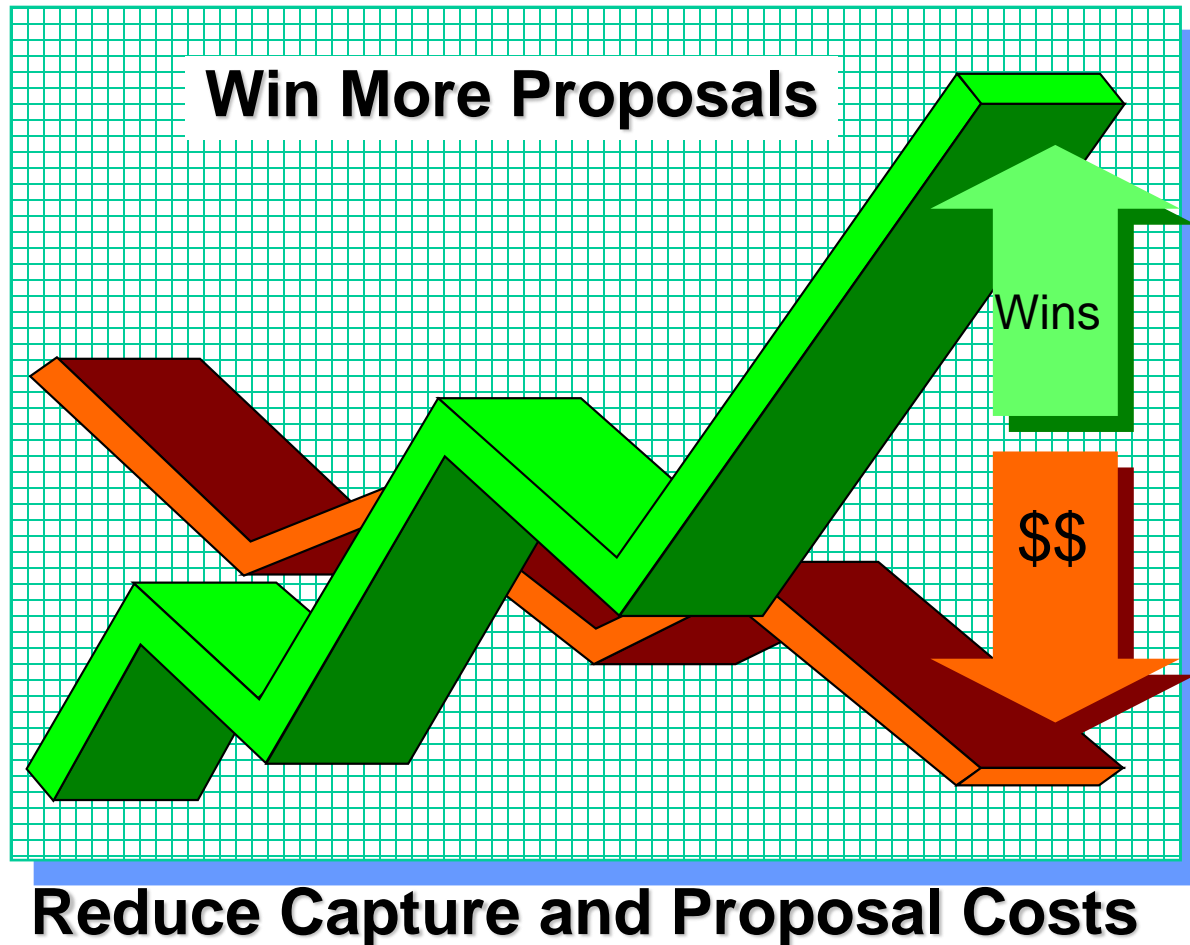


- ❑ Addresses major void in CMM family
 - Typically not addressed in business process reengineering (BPR)
- ❑ Provides “customer-facing” dynamic to CMM integration
- ❑ Complements Organizational Project Management Maturity Model (OMM3) in seeking to improve the customer interface

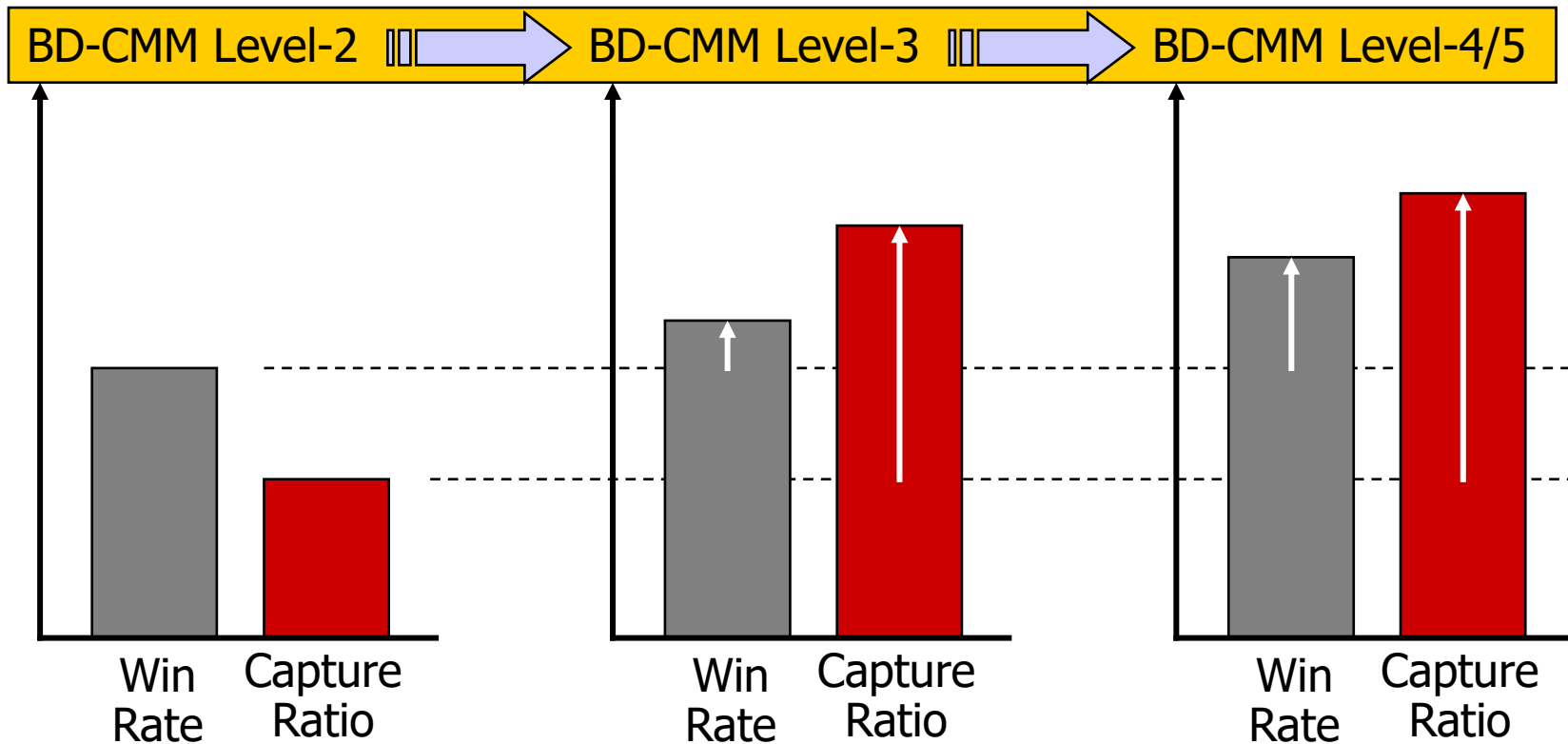
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Business Development Challenge



Emerging Benchmark Concept



Note: Projections based on data collected during APMP Benchmark Study 2002, prior national benchmark studies, and Shipley process consulting experience

BD-CMM Benefits to Management



- ❑ **Improve predictability**
 - More accurate projections of revenue
- ❑ **Increase control**
 - More precise understanding of business development costs
- ❑ **Enhance efficiency and effectiveness**
- ❑ **Improve management visibility into BD operations**

BD-CMM Bottom Line Benefits

Process Continuum



BD-CMM Level	Numerical Win Rate	Dollar Capture Ratio
4/5	>40%	>50%
3	>30%	>40%
2	<20%	<20%
1	<10%	<10%

Numerical Win Rate	Dollar Capture Ratio
>65%	>80%
>50%	>65%
<50%	<50%
<25%	<25%

Note: Projections based on data collected during APMP Benchmark Study 2002, prior national benchmark studies, and Shipley process consulting experience

AMS - Early Adopter Achievements

- ❑ **Exceeded sales plan for year by a wide margin -- \$850m new business against \$400m plan**
 - New business win rate – over 70%
 - Recompete win rate – 98%
 - 9 significant new customers across lines of business
- ❑ **Built strong pipeline for closing in 2004 (conducted PSG-wide work sessions in August 2003). Current status:**
 - 23 opportunities >\$50M, Total Value \$2.1B
 - 58 opportunities >\$20M, Total Value \$1.5B
- ❑ **Put in place world-class business processes, proposal center and demonstrating capabilities**
 - Business Acquisition Process
 - Capture Plan/Training
 - Centralized Proposal Center
- ❑ **Improved integration of PSG and corporate entities**

AMS - Early Adopter Achievements

- ❑ **Build strong relationships with selected industry partners teaming as prime or subcontractor together**
 - Northrop Grumman - IBM - SRA
 - CSC - Accenture
- ❑ **Institutionalized capture management and assignment of capture managers**
 - Developed and launched interim capture plan and step review template/approach to opportunities
- ❑ **More than doubled proposal group size in 2003**
 - Supported nearly 300 proposals
 - *>75 proposals over \$5M and 4 proposals over \$100M*
 - *Approximately 200 sales support efforts and smaller proposals*
 - Developed and implemented the ERP Proposal Factory
 - Significantly upgraded the quality of our proposal graphics and created a graphic repository
 - Created Centralized PSG-wide proposal library

Value Proposition... Real Results!

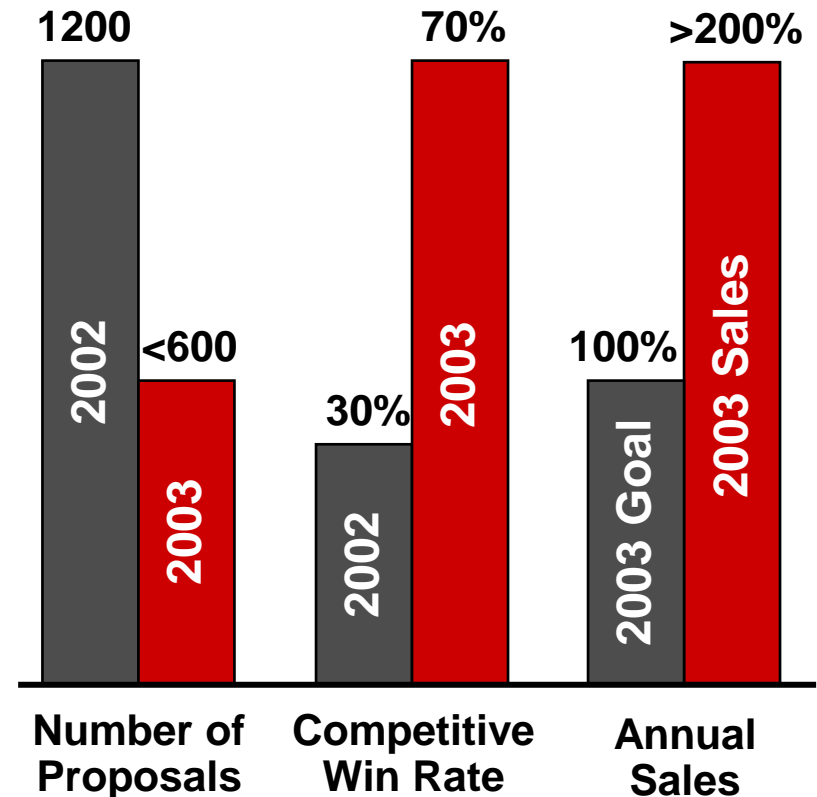
Key Actions Taken on Multiple Fronts:

- ❑ Process
- ❑ Funding of capture/proposals
- ❑ People
- ❑ Technology Support
- ❑ Rewards

... More than 10:1 return on investment on hard costs

- ❑ Not including soft costs and secondary benefits

Results:

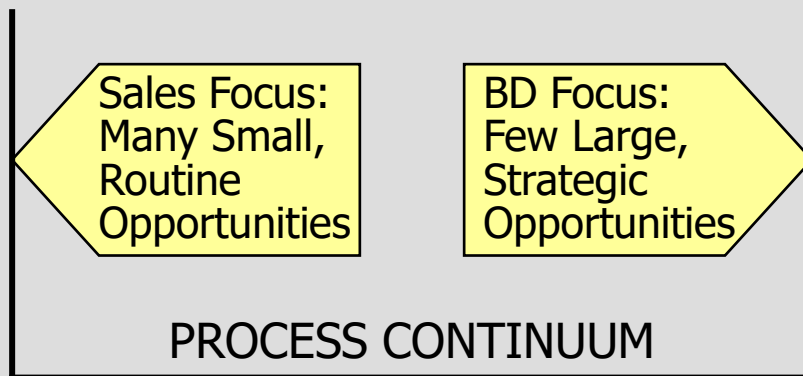


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Applicable Range of Processes

Fundamental issues surround where individual companies “fall” on process continuum



- ❑ Mission of Sales/Business Development process is key to understanding performance
- ❑ No single set of benchmarks applicable across the entire continuum
 - Common “best practices”
 - Different benchmarks
- ❑ Appropriate metrics defined in terms of the goals of performance improvement

BD-CMM Level Definitions

Level	Characteristics
5 – Optimizing	Continuous business development process improvement is enabled by quantitative feedback from the process and from piloting innovative ideas and technology.
4 – Managed	Detailed measures of the business development process and results are collected. Both the process and products are quantitatively understood and controlled.
3 – Defined	Process for business development activities is documented, standardized, and integrated into the organization. All activities follow an approved, tailored version of the organization's standard process.
2 - Repeatable	Basic business development management processes are established to track cost, schedule, and functionality. The necessary process discipline is in place to repeat earlier successes.
1 - Initial	Process is characterized as ad hoc and occasionally even chaotic. Few processes are defined. Success depends on individual effort and heroics.

Scope & KPAs for BD-CMM Level 2

Organizational Characterization

- ❑ Basic BD management processes are established to track cost, schedule, and functionality
- ❑ The necessary process discipline is in place to repeat earlier successes

Customer

- ❑ Response Generation

Focus

- ❑ Business Development Administration
- ❑ Quality Control

People

- ❑ Individual Skills Development

Capabilities

- ❑ Sales/Capture Procedures
- ❑ Work Environment

Scope & KPAs for BD-CMM Level 3

Organizational Characterization

- ❑ Process for business development activities is documented, standardized, and integrated into the organization
- ❑ All activities follow an approved, tailored version of the organization's standard process

Customer

- ❑ Solution Development

Focus

- ❑ Organizational Tactics
- ❑ Quality Management

People

- ❑ Organizational Competencies Development

Capabilities

- ❑ Sales/Capture Processes
- ❑ Support Systems

Scope & KPAs for BD-CMM Level 4

Organizational Characterization

- ❑ Detailed measures of the business development process and results are collected
- ❑ Both the process and products are quantitatively understood and controlled

Customer

- ❑ Relationship Management

Focus

- ❑ Enterprise Influence
- ❑ Quantitative Process Management

People

- ❑ High-Performance Teams

Capabilities

- ❑ BD Systems Integration
- ❑ Infrastructure Management

Scope & KPAs for BD-CMM Level 5

Organizational Characterization

- ❑ The organizational culture is one of continuous BD process improvement
- ❑ The BD process is enabled by quantitative feedback from the process and from piloting innovative ideas and technology

All KPCs

- ❑ Innovation & Transformation



Path to Increasing Customer Value

Sustainable Results
in a Competitive World

BD-CMM Levels	KPC: Customer
	Theme: Increasing Customer Value
5. Optimizing	■ Innovation and Transformation
4. Managed	■ Relationship Management
3. Defined	■ Solution Development
2. Repeatable	■ Response Generation
1. Initial	■ Ad Hoc

- ❑ Increasing recognition of the customer as the basis for competitive discrimination
- ❑ Growing reliance on value propositions as the basis for customer interactions
- ❑ Decreasing reliance on proposals as focus for winning in favor of solutions and innovations as bases for increasing value



Improving Performance & Synergy

BD-CMM Levels	KPC: Focus
	Theme: Improving Performance and Synergy
5. Optimizing	■ Innovation and Transformation
4. Managed	■ Enterprise Influence ■ Quantitative Process Management
3. Defined	■ Organizational Tactics ■ Quality Management
2. Repeatable	■ BD Administration ■ Quality Control
1. Initial	■ Ad Hoc

- ❑ Progression from reactive to proactive management involvement
- ❑ Increasing leadership role of the BD management team
- ❑ Growing influence of BD-related perspectives and needs on the process of running the business
- ❑ Increasing reliance on data and emerging needs as drivers in management decision-making



Building Competencies and Teams

BD-CMM Levels	KPC: People
	Theme: Building Competencies and Teams
5. Optimizing	■ Innovation and Transformation
4. Managed	■ High-Performance Teams
3. Defined	■ Organizational Competencies Development
2. Repeatable	■ Individual Skills Development
1. Initial	■ Ad Hoc

- ❑ Increasingly sophisticated interactions within teams to promote winning solutions and long-term value
- ❑ Decreasing reliance on “heroes” in favor of broader organizational competence
- ❑ Growing emphasis on learning organizations as competitive drivers



Path to Enhancing Systems & Processes

Sustainable Results
in a Competitive World

BD-CMM Levels	KPC: Capability
	Theme: Enhancing Systems and Processes
5. Optimizing	<ul style="list-style-type: none">■ Innovation and Transformation
4. Managed	<ul style="list-style-type: none">■ BD System Integration■ Infrastructure Mgmt
3. Defined	<ul style="list-style-type: none">■ Sales/Capture Processes■ Support Systems
2. Repeatable	<ul style="list-style-type: none">■ Sales/Capture Procedures■ Work Environment
1. Initial	<ul style="list-style-type: none">■ Ad Hoc

- ❑ Increasing use of resources and infrastructure to improve competitive performance
- ❑ Growing capabilities based on meaningful systems and processes that continuously evolve in response to competitive environments
- ❑ Increasingly sophisticated levels of integration of BD with enterprise systems

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A New BD Environment

Completion of BD-CMM Version 1.0 has led to need for an industry-based entity – the Business Development Institute

- ❑ **Create BD-Institute to manage BD-CMM and provide specialized services**
 - Formal BD-CMM appraisal and benchmarking
 - Access to self-assessment tool aligned to benchmark database
 - Certified appraisers and approved partners
- ❑ **Augment BD-Institute with expanded services from existing consultancies**
 - BD-CMM tools
 - Self-assessment training and support
 - Consulting and training for BD-CMM improvement paths (KPCs) and gaps (individual KPAs by level)
 - BPR for systems infrastructure improvement

Organizational Mission

Mission... sustainable results through business development excellence

- The BD-Institute mission is to promote an innovative community of practice in business development through appraisals and self-assessment, best practices, certifications, education, and benchmarking**

Vision of the Future

Vision ... a community of practice among diverse business development organizations and interests

- ❑ **BD-CMM will be acknowledged as industry's standard framework for how to achieve maturity in BD capability and leadership in BD results**
- ❑ **BD-Institute will become industry's preferred source for measuring BD capability and setting the path toward innovation and organizational transformation**
- ❑ **Through BD-CMM, BD-Institute will become the vehicle to bring together the diversity of BD functions and specialties in identifying and articulating BD best practices and benchmarks across industry**
- ❑ **Through BD-Institute advocacy, BD's role in organizations' ability to achieve high-performance business results will be broadly understood to foster enterprise-wide improvements**
- ❑ **Partnership with BD-Institute will emerge as a strategic value for organizations that serve the BD community with training, consulting, technology, and academic research and development**

Primary Organizational Strategies

- ❑ **Maintain configuration control of and manage improvement to the BD-CMM, certification standards, and tools**
- ❑ **Establish and maintain standards and tools surrounding use of the BD-CMM within industry, to include:**
 - Certifying appraisers
 - Approving services of partners
 - Maintaining records and assuring quality and currency of services among Certified Appraisers and Approved Partners
- ❑ **Provide independent appraisal services**
- ❑ **Develop and manage alliances with professional organizations and academia**
- ❑ **Establish and maintain benchmark database and associated metrics**
- ❑ **Sponsor annual BD-CMM Leadership Conference**

Appraisal and Assessment

Four levels of BD-CMM appraisal and assessment

❑ Formal appraisal

- Performed by BD-Institute certified appraisers
- Use of BD-Appraise™ with extensive analysis and benchmarking

❑ Interim self-assessments

- Conducted by company with possible outside help
- Targeted use of BD-Appraise™ or other tool to status progress

❑ Self-assessments with benchmarking

- Performed by company with possible help from Approved Partners
- Use of BD-Appraise™ for analysis against benchmark database

❑ Self-assessment without benchmarking

- Performed by company with possible help from Approved Partners
- Use of BD-Appraise™ or other tool, with analysis and reporting against BD-CMM KPAs and KPCs

Training Programs

- ❑ **Executive Overview (2-4 hours)**
 - Audience: general managers and executives
- ❑ **Introduction to BD-CMM (2 days)**
 - Audience: practitioners and appraisers
- ❑ **Interpretation and Application of BD-CMM (1 day)**
 - Audience: practitioners and appraisers
- ❑ **Introduction to BD-CMM Self-Assessment (1 day)**
 - Audience: self-assessment administrators and appraisers
- ❑ **BD-CMM Appraisal Team Member (3 days)**
 - Audience: appraisers
- ❑ **BD-CMM Appraisal Team Leader (2 days)**
 - Audience: lead appraisers
- ❑ **Educational Projects in BD-CMM (various)**
 - Audience: graduate students

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Reasons to Implement BD-CMM

- ❑ **Improved profitability**
- ❑ **Improved predictability**
 - More accurate projections of revenue
- ❑ **Increased control**
 - More precise understanding of BD and proposal costs
- ❑ **Enhanced efficiency and effectiveness**
- ❑ **Improved management visibility into business development**
 - Framework and tools for management oversight

For additional information:

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