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An Introduction to Organizational Maturity Assessment: Measuring Organizational Capabilities



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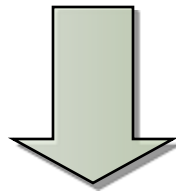


Objectives

- Define and describe an Organizational Maturity Model (OMM)
- Identify ways in which OMMs are developed and used
- Identify areas of further study and advancement

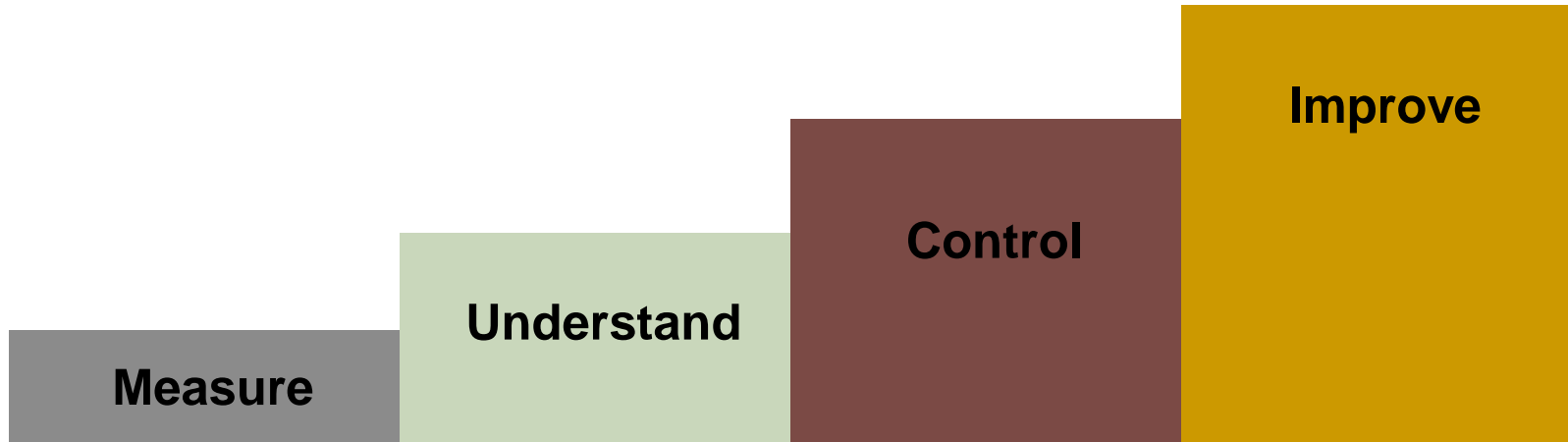
What is a Maturity Model?

- A collection of reliable, proven processes focused on a specific discipline
- Five-step framework ranges from basic to sophisticated practices
- Organizations are objectively rated on a scale of 1-5 and given a score



A roadmap for organizational improvement

Why Measure Organizational Processes?



If you can't measure it, you can't understand it.

If you can't understand it, you can't control it.

If you can't control it, you can't improve it.

-James Harrington
The Improvement Process



Obstacles to Organizational Improvement

- Best practices are not used
- Investment in initiatives with little return on investment
- Companies struggle to maintain capabilities amidst turnover, retirement, and succession

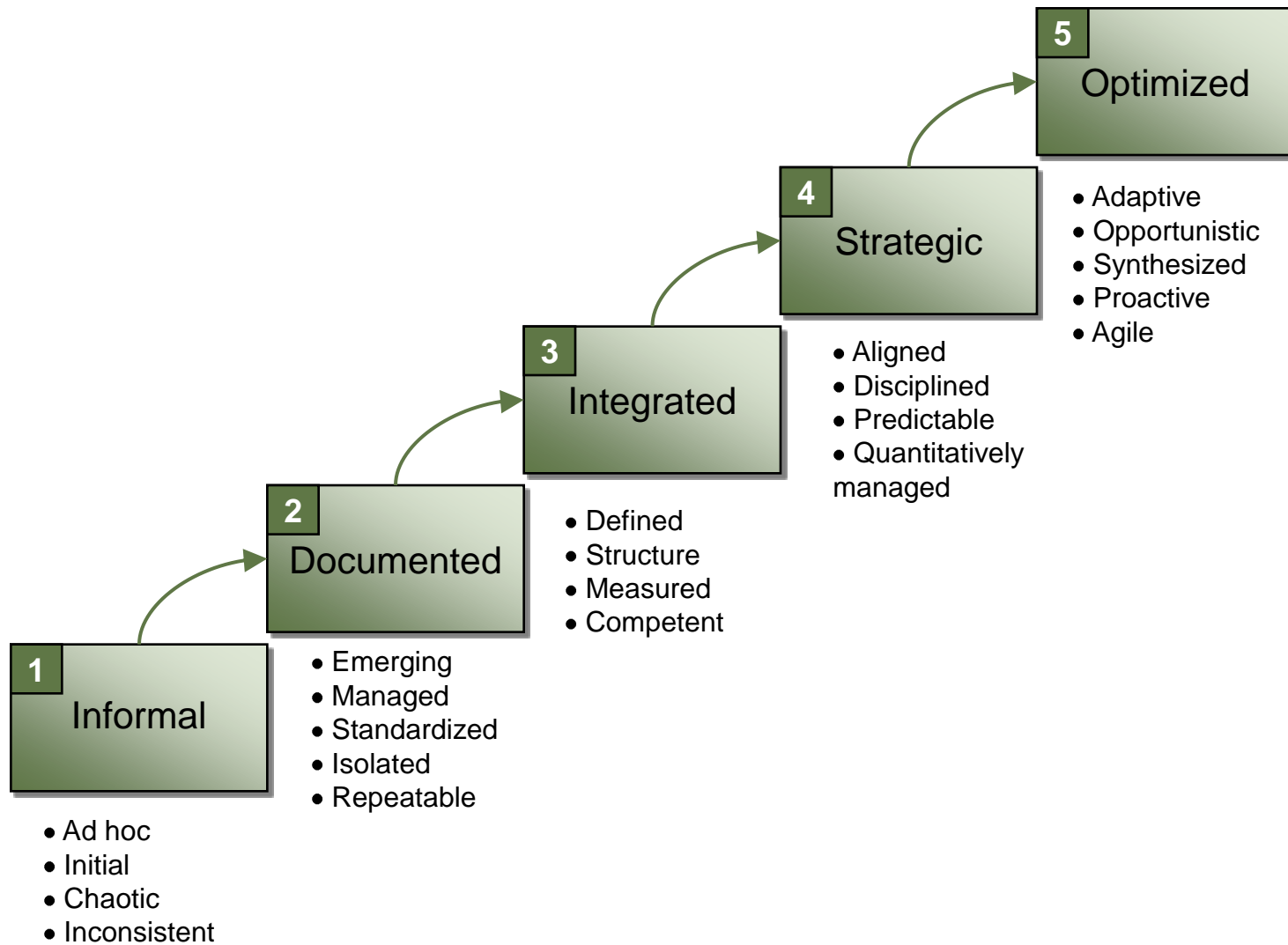
*Many **Competency assessments** exist that focus on the person... while **organizational maturity assessments** focus on practices and processes*



A Brief History of OMMs

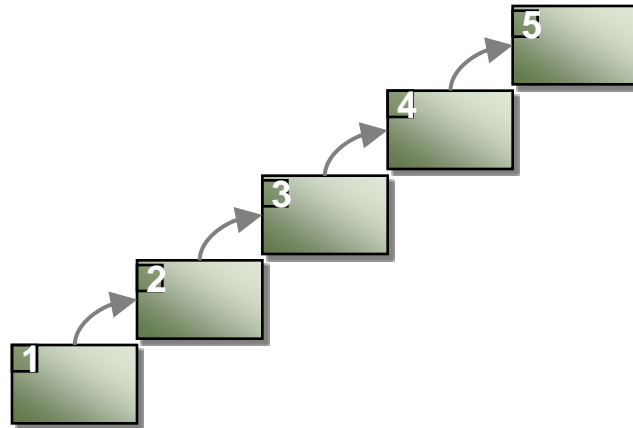
- Conceptual basis in quality improvement and process control
- Software Engineering Institute developed a Capability Maturity Model® for software engineering (early 1990s)
- Today, maturity models address a wide range of topics:
 - Project Management
 - Business Analysis
 - Knowledge Management
 - Branding
 - Product Development
 - Mentoring
 - Leadership
 - Risk Management
 - Personnel Management

Five Stage Maturity Model



Approaches to OMMs

- OMMs can either be staged or continuous
 - Staged: Lower level processes must be in place before higher levels can be attained
 - Continuous: Processes can be put in place at any time



Effectiveness Evidence

- Study of SEI's software engineering maturity model effects (n=35 companies)
- Median return on investment of 4:1

Median improvements in:	
Cost	34%
Schedule	50%
Productivity	61%
Quality	48%
Customer Satisfaction	14%

Benefits of OMMs

- Inventory of current capabilities
- Baseline for measuring improvement
- Documents the need for change
- Common language
- Shared vision
- Fosters a culture of excellence



Sets the stage for organizational change



Situational Use of OMMs

- Give top leadership insight into day-to-day practices
- Make informed decisions on workforce development & training
- Focus attention on specific capabilities to be retained
- Decide what new initiatives need to be developed or launched
- Inform suppliers/customers about caliber of organization





Developing & Implementing an OMM

How are OMMs Developed?

1. Identify a functional area, role or discipline
2. Define a body of knowledge, including best practices, standards, and effective processes
 - Existing industry standards
 - Governmental guidance
 - Subject matter experts
3. Develop the maturity model by defining key processes or components over 5 levels
4. Implement the OMM through an assessment or consulting process
5. Develop prioritized recommendations and document improvements



Implementation Process

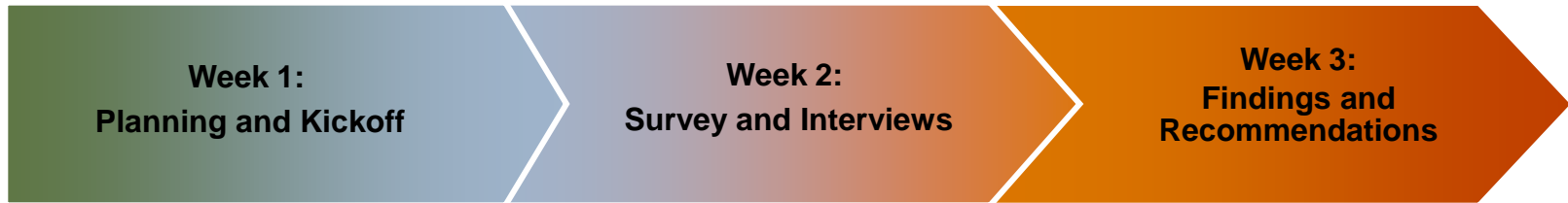
1. Introduce the assessment
2. Collect and analyze data
3. Develop findings and recommendations
4. Implement recommendations
5. Track organizational improvement



Key considerations

- Self-assessment versus an outside, or independent, assessment
- Validated responses versus un-validated responses

Typical Maturity Assessment Timeline



- ◆ Identified 3-5 representative projects

- ◆ Scheduled assessment activities

- ◆ Held kickoff meeting

- ◆ Surveyed project management practices

- ◆ Validated results through interviews, focus groups, and archive reviews

- ◆ Built support for implementing recommendations

- ◆ Drafted, prioritized, and communicated findings

- ◆ Developed specific, tailored, actionable recommendations

Case Study: Project Management Maturity

- Award winning utility company
- Not satisfied with current PM capability
- Needed to improve PM to stay competitive
- Tried to implement consistent PM practices for 3 years



Before	After
<ul style="list-style-type: none">• Reports entered in 12 different formats• Disjointed PM functions across units and levels	<ul style="list-style-type: none">• Documented the need for a single report management system• Stronger PMO that coordinates across units and levels

- Identified PM practices they were doing right
- Resulted in action plan to advance from Level 2 to Level 3



Areas for Further Advancement


- Which disciplines lend themselves best to maturity models?
- Which models are most effective at realizing value for the organization?
- Will model ratings be used more widely as an industry benchmark?
- Can abbreviated versions of OMMs be used?
- Is it possible to develop a universal OMM?



Conclusion

Measure twice, cut once!

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Appendix: Six Sigma

Six Sigma is different than organizational maturity and includes:

- A clear focus on achieving measurable and quantifiable financial returns from any Six Sigma project.
- An increased emphasis on strong and passionate management leadership and support.
- A special infrastructure of "Champions", "Master Black Belts", "Black Belts" to lead and implement the Six Sigma approach.
- A clear commitment to making decisions on the basis of verifiable data, rather than assumptions and guesswork.