The Process Performance Maturity Management Model

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Acknowledgements

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1. Objectives of the process performance maturity management model

The sheer profusion of offerings is increasingly forcing businesses into a competitive mode where "customer-oriented" has become a key criterion for a lasting relationship.

To remain competitive, businesses must be able to align their strategies and hence their business activities on customer needs, and to do that, they must steer their own performance end-to-end from the customer's viewpoint. This requires putting in place a cross-functional approach to running activities, in addition to a structure that is still, occasionally, organised by "functional silo". The cross-functional approach results in the need for operational management in the footsteps of customers as they move through the business. Regardless of a company's business or activity, it must transcend organisational barriers and start with customer demands for, or expectations of, satisfaction. This must not simply be the object of individual responsiveness or of local or management focus on improvement: the business must organise itself so that it can manage all its activities cross-functionally.

The aim of the **process performance maturity management model (2P3M)** is to help assess the level (on a scale of 1-5) to which process capability maturity contributes to the sustained competitiveness of the company on its market.

The idea is not simply to measure the implementation of the process-driven approach or simply running processes, but rather to evaluate in organisational and management terms, as well as in terms of results, how well "**performance management** (for creating value for the company) is process-driven".

While the development of corporate strategy is not directly targeted here (even though one can consider it as a process) taking strategy into account in process management and measure its outcome against the yardstick of competitiveness policy is a component of this maturity model.

The diagram below illustrates the area covered by process performance management models.

Source: Philippe Crabos (May not be reproduced or cited without the author's permission)
2. The advantage of scoring process performance maturity management model

*It is essential for each company to have a very simple idea of its positioning in terms of process-driven performance management.*

By providing a genuine yardstick with five levels of maturity, the model presented in the following pages provides companies with a benchmark – more, in fact, since it scores nine criteria according to these five levels and in so doing helps to target the improvements. A company at level three on the performance measurement criterion, for example, knows that it does not benchmark its results. To give another example, a company at level two on the customer orientation and satisfaction criterion perhaps has products that work, but no innovative products that would be a hit with customers. What's more, a company can zoom in on each of its processes, and even its entities and departments, and work out where it can make improvements.

**Scoring is also a self-motivating factor for operational personnel:** If they score themselves, they gain a better understanding of their strengths and weaknesses and can rapidly provide efficient solutions; they will also experience scoring as a challenge thrown down to them. In this respect, this model is *as interesting for managers as it is for "coaches".*

3. Comparing the benefits of this (2P3M) model vis-à-vis other approaches (ISO, Six Sigma, Lean Management, EFQM, PEMM, etc.)

First off, it is important to stipulate that some approaches do not include a maturity model. These include Lean management, for example, which is actually tightly focused on operational aspects, while others such as Six Sigma include maturity but aim for a more holistic, if not globalising approach.

**What will strongly differentiate the process performance maturity management model from other approaches is first and foremost that it will look not only at a company's resources but also at guarantees of results.** In this respect, it goes much further than making sure that the company simply achieves a level of quality, or even continuous, lasting improvement. Above all, it seeks to **situate the company in its market, verify its customer-centric mindset, and its economic performance transmitted to operational level in a competitive framework.**

We will convincingly demonstrate the difference in the exacting nature of this model by verifying that the Level 5 of other models often corresponds to Level 3 or 4 of the process performance maturity management model as they seek only continuous improvement rather than the leadership and innovation that are vital for any company in a competitive environment.

For example, a CMMI-type model will only focus on the provision of software tailored to customers that are often internal IT customers, whereas the process performance maturity management model will include these aspects, but will go further and measure the results company-wide and with external customers. It is not enough to have *good software* (in terms of tests, or of the expression of needs, etc.), you must also have the *right software*, ie, the one that delivers greatest value to the company and its customers.

The annexes to this paper set out the comparison with other approaches: ISO 15504, Six Sigma, Lean Management, PEMM, EFQM, and look at Quality awards in a range of countries.
4. Presentation of the five levels of maturity

The idea is not simply to ascertain whether the company actually produces what it has decided to do, but whether it produces the right products or services, in other words, those that customers (and Non-customers, too) will go for, even reserving them before they appear, as they did with Apple’s i-phone, and whether it will generate lasting value for all stakeholders, the ultimate aim being to be a long-term market leader.

The five levels chosen are, in ascending order:

- **Level 1 Responsive**: the company works on the basis of staff and management responsiveness.
- **Level 2 Managed**: the company has rolled out measures enabling it to capitalise on improvements locally or partially.
- **Level 3 Efficient**: the company has implemented an overall operational approach that guarantees its efficiency. This is reflected in results at a competitive cost, whether aimed at achieving customer satisfaction or the quality of products and services. Continuous improvement is perfectly mastered cross-functionally throughout the company.
- **Level 4 Predictive**: operational process control is sufficiently effective in the way it controls the springs of action to guarantee a provisional result (above and beyond a target or a narrow target range).
- **Level 5 Leader**: not only are the company and its processes benchmarked as market leaders, but its action goes from customer recognition to its ability to transform processes and activities to achieve that recognition. Improvement by leaps and breakthroughs is managed.
5. **Methods for evaluating maturity levels: which criteria to apply?**

Where the maturity level of the process performance maturity management model depends on a range of criteria – for example the relevance of the management indicators or the quality of incident management – this raises the problem of criteria consistency and comprehensiveness.

To achieve this objective, the approach chosen for defining these criteria is to check that their contribution helps to build a comprehensive, consistent, continuous improvement loop.

This is shown in the diagram:

The **relevance** of the maturity model depends on the **definition**

- The 9 chosen criteria are clearly part of the five components of the improvement loop:

**A) Strategic alignment**

Criterion 1: General Management involvement and strategic process alignment

*From the definition of expected performance up to and including its optimisation in the framework of “operational process capability management”*

**B) Process Vision**

Criterion 2: process vision

*Global, cross-functional, customer-oriented, integrating process interrelations, qualifying key processes (which contribute to competitiveness objectives) but also mission-critical processes (which penalise the expected operational performance)*,
C) Options for creating lasting value

Criterion 3: Customer orientation and satisfaction
Criterion 4: Economic and operational performance
Criterion 5: Risk management and compliance

D) Improvement and/or Reconstruction

Criterion 6: Optimisation: Action plans & performance measurement
   (Objectives, indicators, springs of action and action plans are defined, the indicators and dashboards are automated, available and integrated into the company's decision-making system),

Criterion 7: Reconstruction
   (Innovation vs Standards and procedures, innovation by breakthrough, ie, going beyond continuous performance improvement or leaps forward, not only in terms of products and services but also in terms of processes),

Criterion 8: Skills development and management
   Acquisition of know-how, management and deployment of skills, promotion and communication, involvement, individual empowerment and motivation of players,

E) Information System alignment

Criterion 9: IS alignment
   (operational on needs of player customers and hence on processes and the business, IS flexibility and scalability)
6. Criterion and level matrixes

The various criteria are analysed below by level (C2P reviews these annually. For the latest version, please see the annual Observatoire (Intelligence unit) survey. The questions that need asking to reach a particular level for a criterion are specified by criterion. To reach a given level, the company has to fulfil all the conditions of the previous level.

The first improvement component concerned is **strategic alignment** with the **General Management involvement** criterion

<table>
<thead>
<tr>
<th>Levels</th>
<th>Criteria-Questions</th>
<th>Responsive</th>
<th>Managed</th>
<th>Efficient</th>
<th>Predictive</th>
<th>Leader</th>
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</thead>
<tbody>
<tr>
<td>C1 – General Management involvement</td>
<td>1 – Is General Management involvement real?</td>
<td>No support</td>
<td>Partial involvement</td>
<td>Real support</td>
<td>Partial support</td>
<td>Total involvement</td>
</tr>
<tr>
<td></td>
<td>2 – Are the objectives assigned by General Management to the improvement of each process explicitly linked to company strategy?</td>
<td>No</td>
<td>Yes, but intuitively</td>
<td>Yes, objectives shared, measurable and monitored (Management guidance newsletter)</td>
<td>Yes, objectives shared, measurable and monitored and established in conjunction with Champions.</td>
<td>Yes, objectives shared, measurable and monitored with and established in conjunction with Champions and with reference to the competition.</td>
</tr>
<tr>
<td></td>
<td>3 – Have process governance elements (game rules) been specifically defined and implemented?</td>
<td>No</td>
<td>Yes, at Process Champion level</td>
<td>Yes, at the Process Oversight and General Management levels (eg, creation of a &quot;Process Performance Committee&quot;)</td>
<td>Yes, at Process Champion and General Management level (eg, creation of a &quot;Process Performance Committee&quot;)</td>
<td>Yes, at Process Champion and General Management level (eg, creation of a &quot;Process Performance Committee&quot;)</td>
</tr>
<tr>
<td></td>
<td>4 – Does a General Management level &quot;process performance&quot; type committee oversee results and process improvements?</td>
<td>No</td>
<td>Partially</td>
<td>Yes for each process (with no concern for the interrelations between them)</td>
<td>Yes, taking interrelations between processes into account</td>
<td>Yes, taking interrelations between processes into account, and with a multi-year view</td>
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</table>
The second line of improvement comprises the **Process vision** criterion

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<tr>
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<tr>
<td>C2 – Process vision</td>
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</tr>
<tr>
<td>1 – Has the company (General Management – entity), put a few processes (the most strategic), or all processes under supervision?</td>
<td>No, undirected mapping, or a few non-strategic processes managed</td>
<td>A few processes overseen, including the strategic ones</td>
<td>All processes overseen, including the strategic ones</td>
<td>All processes overseen, including the strategic ones</td>
<td>All processes overseen, including the strategic ones</td>
</tr>
<tr>
<td>2 – Have the processes identified been entrusted to Champions?</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3 – Are the processes described (constructed), according to an approach agreed in-company?</td>
<td>No</td>
<td>Yes, but without any real process for regular updating</td>
<td>Yes, and a regular updating process is in place</td>
<td>Yes, and a regular updating process is in place</td>
<td>Yes, and a regular updating process is in place</td>
</tr>
<tr>
<td>4 – Are the processes described managed in a reference framework using a structured, open application (off-the-shelf software)?</td>
<td>No</td>
<td>Yes, without any real regular updating process</td>
<td>Yes, with a regular updating process</td>
<td>Yes, with a regular updating process</td>
<td>Yes, with a regular updating process</td>
</tr>
<tr>
<td>5 – Are intranets available for company staff interested in processes?</td>
<td>No</td>
<td>Yes, without any real regular updating process</td>
<td>Yes, and with a regular updating process</td>
<td>Yes, and with a regular, synthetic updating process</td>
<td>Yes, and with a regular, synthetic updating process</td>
</tr>
<tr>
<td>6 – Have interrelations between processes and links with the outside (customers - suppliers - producers-distributors etc.), been identified in the framework of extended processes?</td>
<td>No</td>
<td>Partially</td>
<td>Yes, for interrelations between processes</td>
<td>Yes, for interrelations between processes and for external links</td>
<td>Yes, for interrelations between processes and for external links</td>
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We now turn to the improvement track: **Choices for the creation of lasting value**

This contains three criteria: *Customer orientation and satisfaction, Economic and operational performance, Risk management and Compliance*

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<tr>
<td><strong>C3 – Customer orientation and satisfaction</strong></td>
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</tr>
<tr>
<td>1 – Does the company have a culture of listening and customer satisfaction?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td></td>
<td>Yes, both customer and internal listening generate innovation</td>
</tr>
<tr>
<td>2 – Are listening and customer satisfaction measured?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td></td>
<td>Yes, and indicators are widely used</td>
</tr>
<tr>
<td>3 – Do the products and services supplied by the company meet customer expectations?</td>
<td>Supplied but sometimes with problems</td>
<td>Operate satisfactorily and are gradually improving</td>
<td>Cost/quality ratio and operation deemed satisfactory by customers</td>
<td></td>
<td>Ahead of competitors</td>
</tr>
<tr>
<td>4 – Are customer complaints non-existent, rare, or significant?</td>
<td>Significant</td>
<td>Falling</td>
<td>Limited numbers</td>
<td></td>
<td>Exceptional, not major, and fewer than those of competitors</td>
</tr>
<tr>
<td>5 – Are listening and customer satisfaction managed via process performance?</td>
<td>No</td>
<td>No, specific procedures exist</td>
<td>Yes, measured</td>
<td></td>
<td>Yes, measured and future needs and competing offers queried</td>
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Les Dossiers du Club des Pilotes de Processus

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<tr>
<td>C4 – Operational and economic performance</td>
<td></td>
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</tr>
<tr>
<td>1 – Does the company have a culture of economic performance and value creation?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td>Yes, with a controlled variation (n sigma)</td>
<td>Yes, with a controlled variation (n sigma) and results benchmark</td>
</tr>
<tr>
<td>2 – Do the products and services supplied by the company meet expectations of profitability, growth and regeneration (turnover from new products)?</td>
<td>Unprofitable products that are not needed by customers are not reviewed and eliminated</td>
<td>Growth is managed (Turnover component of product business plan)</td>
<td>Profitability is on a par with the economic sector average</td>
<td>Profitability is largely predicted. Turnover from new products is overseen in comparison with competitors</td>
<td>Product profitability and growth are industry benchmarks</td>
</tr>
<tr>
<td>3 – Are operational objectives for processes met: almost always, over 3 years, over more than 5 years?</td>
<td>Not always achieved</td>
<td>Generally met in the short term</td>
<td>One exception in 3 years</td>
<td>Always for 3 years</td>
<td>Always for 5 years</td>
</tr>
<tr>
<td>4 – Are operational performance and value creation managed through process performance?</td>
<td>No</td>
<td>No, specific procedures exist</td>
<td>Yes, measured and in line with financial results, broken down by process</td>
<td>Yes, measured and controlled</td>
<td>Yes, measured, controlled and acknowledged as a benchmark by the market</td>
</tr>
<tr>
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<td>C5: Risk management and compliance</td>
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<td></td>
</tr>
<tr>
<td>1 - Are anomalies and non-conformities of products/services supplied to customers known, identified, monitored and remedied?</td>
<td>Known and not monitored</td>
<td>Known, monitored and remedied. Clients are assisted</td>
<td>Known, monitored, identified (incident database), and remedied (causes eliminated). No major non-conformity</td>
<td>Known, monitored, identified (incident database), and remedied. Problems are foreseen.</td>
<td>Known, monitored, identified (incident database), and remedied. Problems are foreseen.</td>
</tr>
<tr>
<td>2 - Are anomalies and non-conformities managed and dealt with preventively by Champions?</td>
<td>No</td>
<td>No, specific procedures exist</td>
<td>Yes, dealt with</td>
<td>Yes, managed and dealt with preventively</td>
<td>Yes, managed and dealt with preventively</td>
</tr>
<tr>
<td>3 – Are serious alerts reported upwards and is there a business continuity plan?</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4 – Are checks and audits in respect of risk situations and compliance identified and linked to processes?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td>Yes, with checks aligned on process performance objectives, and regular and random audits</td>
<td>Yes, with checks aligned on process performance objectives, and regular and random audits</td>
</tr>
<tr>
<td>5 – Are risk management and compliance built into process management (*)?</td>
<td>No</td>
<td>No</td>
<td>Yes, at management level</td>
<td>Yes, at management level, with risks foreseen</td>
<td>Yes and the company is acknowledged as knowing how to deal with and avoid risks</td>
</tr>
</tbody>
</table>

(*) including, for example the management of financial risk, and sector-specific risks, etc.
We now present the **Improvement and/or Reconstruction** improvement track, which comprises three criteria:

- Optimising the action plan and measuring performance focused on continuous improvement
- Reconstruction focused on breakthrough-led improvements
- Active management, which forges a link between these two systemic approaches and the motivation of human resources

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<tr>
<td>C6 - Optimisation: Action plans and performance measurement</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – Are improvement targets set for each Process Champion?</td>
<td>No</td>
<td>Yes</td>
<td>Yes, and results are monitored</td>
<td>Yes, by limiting results variance</td>
<td>Yes, with benchmarks on competitors</td>
</tr>
<tr>
<td>2 – Are indicators defined for each process?</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3 – To meet the targets, do Champions use the methods and aids recommended by the company?</td>
<td>No</td>
<td>Yes, Partially</td>
<td>Yes</td>
<td>Yes, including forecasting methods</td>
<td>Yes, including a customer benchmark</td>
</tr>
<tr>
<td>4 – Are springs of action and action plans defined by Process Champions in order to improve processes?</td>
<td>No</td>
<td>Yes</td>
<td>Yes, with documented, planned and overseen action plans</td>
<td>Yes, with documented, planned and overseen action plans</td>
<td>Yes, with documented, planned and overseen action plans</td>
</tr>
<tr>
<td>5 – Is data gathering to feed indicators automated and reliable?</td>
<td>No</td>
<td>Yes, but not integrated with decision-aid IS</td>
<td>Yes, with partial integration</td>
<td>Yes, with total integration</td>
<td>Yes, with total integration</td>
</tr>
<tr>
<td>6 – Are process-driven performance improvement loops and their implementation clearly defined, operational, effective and predictive?</td>
<td>No</td>
<td>Defined</td>
<td>Defined and operational</td>
<td>Defined, operational, effective and predictive</td>
<td>Defined, operational, effective and predictive</td>
</tr>
<tr>
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<tr>
<td>C7: Reconstruction</td>
<td>1 – Do the available indicators offer a structuring view of processes (to enable the process to be reconstructed, if necessary)?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td>Yes, with an indication of trend changes to what is structuring</td>
</tr>
<tr>
<td></td>
<td>2 – Is the participation of all parties required for process reconstruction?</td>
<td>No</td>
<td>Yes, Partially</td>
<td>Yes, in the framework of an effective collective initiative</td>
<td>Yes, in the framework of an effective, innovative collective initiative</td>
</tr>
<tr>
<td></td>
<td>3 – Are breakthrough scenarios proposed and carried out?</td>
<td>No</td>
<td>Occasionally, for crisis-related problems</td>
<td>Sometimes (defensive approach)</td>
<td>Often a current, structured approach for the whole company (defensive approach)</td>
</tr>
<tr>
<td></td>
<td>4 – Do the role and status of the Process Champion spell out the need to propose reconstruction initiatives?</td>
<td>No</td>
<td>No, or only partially</td>
<td>Yes, with General Management approval of proposals</td>
<td>Yes, with General Management approval of proposals</td>
</tr>
<tr>
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<td>C8: Active management of system and management of skills</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – Does the company have a culture of process-led performance?</td>
<td>No</td>
<td>Partially</td>
<td>Yes, on a range of aspects: customer satisfaction, economic performance, risks</td>
<td>Yes, with a culture of empowerment and commitment</td>
<td>Yes, with a culture of innovation and competitive differentiation</td>
</tr>
<tr>
<td>2 – Has a comprehensive process-led performance management programme been defined in the company?</td>
<td>No</td>
<td>Yes</td>
<td>Yes, with a documented, available programme</td>
<td>Yes, with a documented, available and optimised programme</td>
<td>Yes, with a documented, available and optimised programme</td>
</tr>
<tr>
<td>3 – Did programme implementation involve appropriate change management (communication, training, mentoring, buy-in, etc.)?</td>
<td>No</td>
<td>Yes: communication and training</td>
<td>Yes: communication, training, mentoring, familiarisation</td>
<td>Yes: communication, training, mentoring, familiarisation. By making the link at strategic and operational level. HR skills planning</td>
<td>As before, with, in addition, a reference to the competition</td>
</tr>
<tr>
<td>4 – Is there a senior manager in charge of running and overseeing the programme?</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>5 – Are the results obtained published (dashboard, in-house newsletters, etc.)?</td>
<td>No</td>
<td>Yes, at Process Champion level</td>
<td>Yes, at the level of Process Champions, operatives and management</td>
<td>Yes, at the level of Process Champions, operatives and management, with a trend perspective</td>
<td>Yes, at the level of Process Champions, operatives and management, with a trend perspective and in comparison with other companies.</td>
</tr>
<tr>
<td>6 – Is the process-led approach making progress or is it being challenged?</td>
<td>Challenged or stagnation</td>
<td>Occasional improvements</td>
<td>Progress driven by process-led management feedback</td>
<td>Progress driven by feedback and an in-house system of continuous improvement. Maturity level measured</td>
<td>Progress driven by feedback and an in-house system of continuous improvement. Maturity level measured</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7 – What resources are deployed to implement process-led management?</td>
<td>Available resources</td>
<td>Available, planned resources</td>
<td>Specific resource allocation</td>
<td>Specific allocation of appropriate resources</td>
<td>Specific allocation of appropriate, trained resources</td>
</tr>
<tr>
<td>8 – Are the role and status of the Process Champion defined?</td>
<td>No</td>
<td>Partially</td>
<td>Defined</td>
<td>Defined and approved by General Management</td>
<td>Defined and approved by General Management</td>
</tr>
<tr>
<td>9 – Are the know-how, methods and skills needed to deploy process performance management defined?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>10 – Do HR managers know how to reward on an annual or multi-year basis the parties who succeed in process-led management?</td>
<td>No</td>
<td>Partially</td>
<td>Yes, rewarded annually</td>
<td>Yes, rewarded annually and promotion</td>
<td>Yes, rewarded annually and promotion as far as the Executive Committee</td>
</tr>
</tbody>
</table>
And last, the **Information system alignment** criterion must make it possible to industrialise programmes by aligning on business needs, which are themselves customer-oriented.

<table>
<thead>
<tr>
<th>Levels</th>
<th>Criteria-Questions ↓</th>
<th>Responsive</th>
<th>Managed</th>
<th>Efficient</th>
<th>Predictive</th>
<th>Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C9: IS alignment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – Are upgrades to the IS planned in parallel with process upgrades?</td>
<td>No</td>
<td>Partially</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, with a culture of innovation and competitive differentiation</td>
<td></td>
</tr>
<tr>
<td>2 – Is IS application availability measured and is it sufficient?</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>3 – Is user satisfaction with the IS measured, and it is adequate?</td>
<td>No</td>
<td>Partially</td>
<td>Yes, effective collective action</td>
<td>Yes, effective, innovative, collective action</td>
<td>Yes, effective, innovative, collective action</td>
<td></td>
</tr>
<tr>
<td>4 – Are process automation programmes (workflow, business rules, etc.), and process management (eg, BAM), properly taken into account?</td>
<td>No</td>
<td>Partially</td>
<td>Yes, with General Management approval</td>
<td>Yes, with General Management approval</td>
<td>Yes, with General Management approval</td>
<td></td>
</tr>
<tr>
<td>5 – Is the IS sufficiently adaptable to take process upgrades and the integration of new products and services at competitive costs into account, minimising manual intervention?</td>
<td>Available resources</td>
<td>Available, planned resources</td>
<td>Specific resource allocation</td>
<td>Ability to integrate within three months</td>
<td>Ability to integrate within the month</td>
<td></td>
</tr>
<tr>
<td>6 – Does the company IS allow customer access to services and their upgrades?</td>
<td>No</td>
<td>Partially</td>
<td>Yes, with General Management approval</td>
<td>Yes, with General Management approval</td>
<td>Yes, with General Management approval</td>
<td></td>
</tr>
</tbody>
</table>
7. Assistance for scoring

If it is to be motivating and to generate positive change, the programme must be monitored. To this end, it is important that the questionnaire (scoring) should involve management as well as operatives. The Process Champion or the auditor must prepare for the scoring exercise through a number of meetings with the people who are to score the process(es) they contribute to:

- a meeting to present the exercise,
- several group meetings to fill in the questionnaire and above all to ask what is being done well (and how), what is not being done, and what could be achieved. This is a very enriching exercise for Champion and operatives alike because it goes well beyond the questions: it opens doors and helps liberate know-how.

The exercise is conducted on the basis of the scoring manual (based on this document) which explains the philosophy and the importance of the approach and a scoring matrix that is easy to fill in (see scoring matrix). In this respect, it is worth noting that training in performance management (processes, value, etc.) in connection with the scoring exercise will facilitate things.

The scope of the scoring may be the whole company or a subset of company processes. One natural approach is to gradually extend the scope of scoring as far as overall corporate governance. Note also that a knowledge of and share in the maturity of all processes proves to be a highly motivating factor in respect of improving performance by process management.

In short, the approach is quite straightforward and consists in assessing the level of each criterion using the scoring matrix for a given process and according to an improvement track. Subsequently, several meetings can be arranged to report back and analyse findings in order to draw up action plans that will be all the more relevant as they target specific criteria.

8. Developments in the maturity model and scoring in the framework of the Club des Pilotes de Processus

Developments to the process performance maturity management model are arbitraged by one of the Club’s Maturity Model Committees called the C2PMM committee. These developments take the form of the present document and the operational scoring document. The C2PMM Committee comprises members of the working group, to which a club member proposed by the Club’s Board of Directors can be co-opted. The Committee will co-opt a new member each time a member leaves. The Committee comprises at least two members of the Board of Directors. It notes the proposals of Club members and rules on developments once a year by preserving previous annual comparisons and scoring models.
Annexes
ANNEX 1: Outline of levels of the CMMI (Capability Maturity Model Integration) model in relation to software projects

1 CMMI levels

- **Initial**: Project success factors are not identified and success cannot therefore be repeated (this level is also called, derisively, heroic or chaotic).
- **Managed**: Projects are individually managed and their successes are repeatable.
- **Defined**: Project management processes are deployed at organisational level through standards, procedures, tools and methods ensuring they are used across the organisation and shared throughout the company.
- **Quantitatively managed**: Project successes are quantified. The causes of any variations can be analysed.
- **Optimising**: Optimisation is a continuous process.

Source: Carnegie Mellon

2 Outline of field of application for CMMI and differences

CMMI applies to the production of software, whereas the maturity model concerns overall corporate performance.
ANNEX 2: Michael Hammer's Process and Enterprise Maturity Model (PEMM)

1 The PEMM approach

In an article entitled "The Process Audit" published in the April 2007 issue of The Harvard Business Review, Michael Hammer provides a toolkit for measuring the maturity of a company and its processes. The toolkit is designed to create a structure that will help managers understand and determine the efforts required for process transformation.

In his "Process and Enterprise Maturity Model" or PEMM, Michael Hammer identifies two distinct groups of characteristics required if processes are to be properly executed and to support performance:

-a group of characteristics that concerns each process: the Process Enablers
-a group that concerns the entire company through the Enterprise Capabilities, which are necessary for the first set of characteristics to develop properly.

The Process Enablers determine how the process can operate properly over time. They include: the comprehensiveness of the process specification; the abilities of the Performers who operate the process in terms of knowledge, skills and behaviour; the appointment at the highest level of one Owner for each process to oversee process implementation and its results; a proper match between infrastructure (the information system and the human resources management system) and the process supported by it; and the quality of the metrics used by the Enterprise to measure process performance.

Enterprise Capabilities show that the corporate culture and practices ensure that in the Enterprise senior executives support a focus on processes; staff deliver outstanding customer focus and teamwork, plus personal accountability and a willingness to change (culture). Last, Enterprises employ experts who know how to redesign processes and they are properly organised to tackle change processes (process governance).

Each of these criteria is evaluated according to four strength levels numbered 1 to 4.

The Process audit is in fact used to audit managerial practices vis-à-vis management by processes.

Hammer details the four levels of a process (although without naming them) by what seems fundamental to him in their potential. Thus, if any process enabler is so weak as to be unable to reach the P1 level, by default that process is level P0. At P0 level, the process works "irregularly". At P1, a process is designed to be reliable and predictable: it aligns all the factors needed to achieve stable results. At P2 level, a process should deliver "superior" results because the Enterprise has designed and implemented it end-to-end throughout the company. At the next strength level, P3, a process has the potential to deliver optimal performance because managers can integrate the process with other internal processes to maximise its contribution to Enterprise results. Finally, at level P4, a process has everything required to make it best-in-class, going beyond the confines of the Enterprise and extending back to suppliers and forward to customers. But these are only potentials, because the model does not factor in the actual results to assess whether a particular level has been reached.

Hammer identifies four Enterprise Capabilities to evaluate support throughout the company for the process-based approach. These Capabilities are the ground on which the approach to each of the processes can grow and develop. For Hammer, the Enterprise even has to have an E1 maturity level for a process to have any chance of achieving level P1. Just as there are four strength levels for Process Enablers, so there are four levels for Enterprise Capability: E1, E2, E3 and E4. If a company has E1 capabilities, it is at the first level of Enterprise maturity. This means different things for each Capability. For example, a company that is at level E1 in terms of culture will have scant experience of teamwork. To make progress, however, the
company must have a level E2 culture, where it generally uses cross-functional project teams and people who are familiar with teamwork. To reach level E3, teamwork must be the company norm. To reach the highest Capability level, teamwork with suppliers and customers must be commonplace.

For Hammer, the Process and Enterprise Maturity Models are linked. Stronger organisational capabilities ensure stronger enablers, who enable better process-driven performance. When an Enterprise has level E1 capabilities in leadership, culture, expertise and governance, therefore, it is ready to take all its processes to level P1; when all four capabilities reach level E2, the company can implement its processes at level P2, and so on.

In fact, the outcome of Process Enablers and Enterprise Capabilities is Enterprise scoring and as much scoring as there are processes.

**2 Benefits and limitations of the PEMM approach**

One of the fundamental and extremely positive benefits of the Hammer approach is that it provides an excellent assessment of the extent to which managerial practices are customer-, process-and redesign-oriented. It moves towards the construction of a Process-oriented Enterprise.

On the other hand however, if results cannot be guaranteed the approach has considerable inherent weakness. Hammer never introduces the result itself in defining when a level has been reached. Yet any good design, however brilliant, must be testable against reality, which by its very nature is changeable.

Thus, Dell was able to boast of having designed the best process for computer sales and distribution but then the economic reality that proved he had been right to change forced him to return to the helm of his Enterprise in order to change strategy and principles; he consequently had to revise his distribution process model to Pi.

Another example is Jack Welch, the legendary Chairman of General Electric. In a meeting with his HR executives, he tried to find the best criteria to choose high-potential executives: flexibility, inventiveness, management, leadership, etc. At the end of the day’s meeting, as he was boarding the plane with GE’s head of HR, he realised that the essential criterion was missing: was the executive successful? With no measurement of past and present results, how can you guarantee future results? Faced with a reality check, how will he bounce back?

Potential counts, but without measured results today, nothing can be guaranteed tomorrow; the Enterprise could disappear, only ever having had potential.

In theory with PEMM, all the managerial components are present and aligned with corporate strategy to achieve best-in-class status, but in the real world, they could be falling far short of that. This positioning is very different a) from that of EFQM, which combines Resource criteria with Results Criteria and b) from the C2P process performance maturity management model (2P3M), which applies processes to the present and future performance of the company. By seeking to subordinate the company to beautifully-designed processes, we run the risk of reverting to the early "quality for quality’s sake" programmes and even of going so far as to forget the customer.

A less important, but nevertheless significant point is that the Excellence Levels are not characterised by names that flag up their meaning: in process terms, they are only sketched in using over-simplified comparisons of results and potential. For the company, this is even less the case, hence the difficulty of communicating at all levels – senior management and operatives alike – without a simple language like that of CMMI or that of the C2P's process performance maturity management model. Note that EFQM communicates in points, which is not particularly explicit in terms of the related content.

On the positive side, PEMM is easy to use as a diagnostics tool, as are CMMI and the process performance maturity management model. Conversely, and like EFQM, by separating the identification of causes from problems related to resources and results, it makes drawing up an action plan hugely more complex. In the case of EFQM, this leads to a large number of
action plans that have to be grouped together to give them strategic meaning – an operation that can prove to be an impossible task. Conversely, by creating criteria, the C2P model allows users to analyse areas ranging from strategy to action and can be used to draw up action plans that are meaningful to both Senior Executives and operatives and help them to achieve results. Economic performance, for example, links economic and operating results, economic culture, oversight of sales costs, and so on.

Another difficulty, which is not dramatic, is the fact that it is in fact necessary to manage two maturity models – one for the Enterprise, and on for processes. On the one hand, this can provide leverage for achieving greater top management buy-in, but on the other it can also be seen as a reason for operatives to defer buy-in. The C2P model, by integrating all the criteria at all Levels, allows users to score a company, a subsidiary and even a single process without the need to score the enterprise end-to-end.

Another no less contentious problem is the fact that there is no link in PEMM between the end-targets and strategies pursued and value creation, and in EFQM no link with value: value for the customer, value for the Enterprise, value for employees, suppliers, or society at large. PEMM cites the need for awareness and to make connections between the levers and the results, but it does not provide any methodological support or tools. The C2P model calls for and provides toolkits (business process models) to be predictive and for verifying results using metrics. Risk management is not addressed by PEMM, whereas it is a structuring factor in enterprise value.

A number of limitations to PEMM can be pointed up:

a) In his article, Hammer talks very little about process design, but systematically refers to its REdesign, ie, its reorganisation. For Hammer, redesign leads to transformation, change, and the quest for performance. Continuous improvement is not one of Hammer's preferred methods;

b) He does not point up the importance of the link between processes and corporate governance via the deployment of the company's process-driven competitiveness policy.

c) He does not address the different dimensions of process-driven performance (clients, risks, economic factors, etc.).

Hammer's approach is akin to a "snapshot" of the existing situation through the performers and the structures. C2P, for its part, seeks to define and analyse the resources for implementing process performance management (training provision, active project leadership, governance, evaluation, metrics, action plans, innovation, reorganisation, and so on).

d) Innovation is not addressed in its own right.

In terms of operationality, Hammer describes many cases he has encountered in the past four years of so, whereas the theoretical model of guaranteed success which forms the basis for the C2P model has been applied across many businesses for over a decade.

To sum up: while PEMM has great relevance to managerial practice, it does not confront it with the reality of results as EFQM and the C2P model do; nor does it facilitate eloquent, effective initiatives from the point of view of both Senior Management and Performers; only the C2P model offers a direct, highly-effective response to the aim of achieving sustained leadership.
ANNEX 3: Comparison and contribution compared with the ISO-15504 model

1 ISO-15504

In its principles, ISO 15504 constitutes a formal, standardized structure serving as a framework for assessing a software development process. ISO 15504 proposes a process control model along with a consistent set of requirements and guidelines for assessing and improving these processes. As such, ISO 15504 also offers a software development maturity model.

2 The five levels of ISO-15504

The capability dimension and overall profile of processes break down into five levels:
1. Initial
2. Repeatable
3. Defined
4. Managed
5. Continuously improving

The model below diagrammatically summarizes these characteristics.
3 ISO-15504 model objectives

The objectives of the model for measuring process capability are:

- Define the fundamental processes that are essential to an efficient enterprise
- Organise these processes to help personnel and management to understand them and use them to continuously improve process control
- Define a standard set of metrics by evaluating process capability (the process capability dimension and overall profile of processes)
- Define a standard set of metrics by estimating process, product and service indicators (the detailed process profile dimension)

4 Capability profile

To determine the "profile" of the process and its products/services it is necessary to specify:
1. The process itself
2. The capability aspect (levels 1-5)
3. The indicators

1. **The process CAPABILITY indicators** are:
   1. Management practice
   2. The attributes for realising these practices
   3. The infrastructure and resource attributes

2. **Process REALISATION** indicators are:
   1. Baseline practice
   2. Product and Service attributes

5 Assessment results

For each process analysed, the results of an assessment are:

1. Its profile or overall capability level - from 0 to 5 -
2. Details of the product and service capability level for each indicator
3. The analysis of strengths and weaknesses
4. Recommendations for improvements (depending on the assessment objective)

6 Conclusion

In conclusion, Quality capability is achieved through the complementary nature of process Quality and product Quality approaches, thanks to metrics used on processes and products. While the Process Performance Maturity Management Model does include all the main aspects of the Quality model described above, it nevertheless differs sharply through its approach to competitiveness issues and the full integration of external customer expectations and satisfaction.
ANNEX 4: Quality benchmarks

To measure their degree of excellence, companies can currently choose from several Total Quality Management models for determining excellence, namely:
- the Prix français de la Qualité, founded in 1992,
- the EFQM Excellence Award, founded in 1990, amended in 2000,
- the Malcolm Baldrige National Quality Award in the USA, launched in 1987 and amended in 2000.

Preamble:
Excellence conditions are based on a series of criteria which are largely common to each Award, but which are weighted differently according to the sought-after vision.
Three fundamental points should be noted:
• Firstly: the various Awards, with their specific weightings, assess excellence via a classic viewpoint: customers, performers (representing staff) and, often, results (representing shareholders).
• Secondly: an analysis of the various assessment matrixes shows that the quest for excellence through Total Quality Management involves a range of organisational issues:
  -the real, visible involvement of senior executives, clearly defined as a basic condition,
  -the awareness of necessary changes in management style and of changes to corporate culture and values,
  -human resources development: without an appraisal of individual performance, with its consequences in terms of motivation and a genuine investment in training, it would be futile to even contemplate achieving the desired improvement towards excellence.
• Last: companies use these evaluation systems for three main reasons:
  -Evaluate the company's level in relation to an acknowledged model like excellence,
  -Use the model's assessment grid to make improvements and set interim targets,
  -Mobilise staff around these objectives and have them share them.

1 The Prix Français de la Qualité (French Quality Award)
The French Award’s assessment model comprises eight weighted criteria:
• Senior management commitment: 15%,
• Quality strategy and objectives: 8%,
• Attentiveness to customers or users: 18%,
• Quality capability: 8%,
• Quality metrics: 8%,
• Quality improvement: 8%,
• Staff participation: 15%,
• Results: 20%.

2 The EFQM Excellence Award (EFQM)
Launched by the European Foundation for Quality Management (EFQM) the European Organization for Quality (EOQ) and the European Commission, the award now known as the EFQM Excellence Award uses nine criteria in its assessment system, grouped into two equally-weighted categories: the key factors, which are used to analyse how the company is managed and optimises its resources, which has a weighting of 50%; and the results, also weighted 50%.

  Key Factors: (50%):
  • Leadership 10%,
  • Policy and strategy 8%,
  • Personnel management 9%,
  • Resources 9%,
  • Processes 14%.
  • Results (50%):
  • Employee satisfaction 9%,
  • Customer satisfaction 20%,
  • Community integration 6%,
  • Operating results 15%.
3 Malcolm Baldrige National Quality Award (USA)
The Malcolm Baldrige National Quality Award rewards organisations that stand out for their Total Quality Management. The idea is to aim for excellence in both approach and execution. It uses seven criteria:
- Leadership: 12,5%
- Strategic Planning: 8,5%
- Customer and market focus: 8,5%
- Results: 45%
- Measurement analysis and knowledge management: 8,5%
- Workforce focus: 8,5%
- Process management: 8,5%

4 The C2P Process Performance Maturity Management Model
The Process Performance Maturity Management Model developed by the Club des Pilotes de Processus sets out five levels of maturity: Responsive/Managed/Efficient/Predictive/Leader using nine performance criteria (which are action-driven by including results and factors for each criterion):
- General Management involvement: 8%,
- Process-oriented: 12%,
- Customer-oriented, focus on customer satisfaction: 10%,
- Economic and operating performance (results): 8%,
- Risk management and Compliance: 10%,
- Optimisation (continuous): Action Plans and Performance Measures: 12%,
- Reconstruction, Innovation: 8%,
- Programme promotion and skills management: 20%,
- IS alignment: 12%.

5 Michael Hammer's PEMM maturity model
Michael Hammer's approach (Framework PEMM: Process Enterprise Maturity Model) makes a distinction between two types of maturity: Process Maturity (P1 to P4), and Enterprise Maturity (E1 to E4).
Each of these two types of Maturity is analysed using a special matrix.
Process maturity is analysed using five criteria ("enablers"):
- Design,
- Performers,
- Owners,
- Infrastructure,
- Metrics.
The five criteria have equal weighting: they must all be "green" (ie, 80% true) for a given level for the process to be deemed to be at that level.
Enterprise maturity is analysed using four criteria ("capacities"):
- Leadership,
- Culture,
- Expertise,
- Governance.
The four criteria have equal weighting: they must all be "green" (ie, 80% true) for a given level for the Enterprise to be deemed to be at that level.
Michael Hammer stresses, however, the interrelationship existing between process maturity and enterprise maturity: a P2 level process P2 cannot reasonably contemplate advancing to P3 and stay there in an Enterprise that is still at E2 level (Author's note: the "ecosystem" must not be hostile).
The global process maturity + enterprise maturity is not measured by Michael Hammer and does not lead to a scoring (a notable difference with the C2P approach, which is significantly more all-embracing and integrated). The scope of the Hammer model is also more limited, largely due to the fact that the enterprise’s score for its results (and its economic results in particular) is not taken into account.

6 The Deming Prize (Japan)
The ten assessment criteria used in Japan by the Deming Prize since 1951:
• Policies,
• Organisation and its management,
• Education and Dissemination
• Collection, Dissemination, and Use of Information of Quality,
• Analysis,
• Standardization,
• Control,
• Quality Assurance,
• Results,
• Planning for the future.
ANNEX 5: Comparison and benefits in relation to Six Sigma

1 The Six Sigma method and its Lean Six Sigma development

Six Sigma is based on the notions of customer, process and metrics; in particular, it focuses on the following:

1. Measurable customer expectations (CTQ - Critical To Quality)
2. Reliable metrics to measure performance of the company's business process Vs customer CTQ issues,
3. Statistical tools to analyse underlying causes impacting performance,
4. Solutions to remedy underlying problems.
5. Tools to verify that the solutions have the hoped-for impact on performance.

Six Sigma helps to cut costs and losses and move towards optimum results in terms of profit and quality. The company’s objectives are to carry out measurable, effective action, satisfy customers, empower staff and, often, improve its corporate image.

Another word/methodology is increasingly linked to Lean Six Sigma

Lean Six Sigma is increasingly taking over from "straight" Six Sigma.

In a sense, Lean rounds out Six Sigma, based on quality, by introducing the time notion, mainly at the level of process duration and production rates.

2 The Six Sigma maturity model

The Six Sigma maturity model is described by its developmental stages. Its five levels are:

L1. Launch – This is the starting point – the launch of a Six Sigma project.

L2. Early success – initial projects are yielding success and early successes are being achieved.

L3. Scale and Replication – the early success has led to other parts of the organisation buying in to Six Sigma and a broader launch of projects is underway.

L4. Institutionalisation – throughout many parts of the company, projects are yielding broad-based financial impact.

L5. Culture transformation – Six Sigma culture is part of the organisational DNA.
3 Benefits of assessment using the Six Sigma model

An organisation can self-assess its own level in the maturity model.

Organisations that adopt and deploy Six Sigma go through several stages of maturity. Until now, however, there had been no formal description of those developments. The Six Sigma Maturity Model™ presented here provides an outline of the five levels of Six Sigma development. The model's intention is to help managers to:

1. Identify their organisation's situation in relation to others that have implemented Six Sigma.
2. Evaluate areas of depleted strength and execution in their deployment.
3. Identify special one-off measures they could take to remedy the problems encountered.
4. Advertise progress to their Six Sigma teams to win support for their continuous improvement efforts.

The Six Sigma Maturity Model (see diagram below) describes each of the five levels along a number of avenues and describes how the organisation evolves along these avenues as it moves from level to level. The time that organisations typically spend at each level is also shown. The simple exit criteria define the transition from one level to the next. The model is only designed as a guideline, not as a prescriptive roadmap for deploying Six Sigma.

Overview of the Six Sigma Maturity Model

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch</td>
<td>Early Success</td>
<td>Scale Replication</td>
<td>Institutionalization</td>
<td>Culture Transformation</td>
</tr>
<tr>
<td>3-6 Months</td>
<td>6-18 Months</td>
<td>12-36 Months</td>
<td>24-48+ Months</td>
<td>DNA of Org.</td>
</tr>
<tr>
<td>Anecdotal</td>
<td>Excel, Stats</td>
<td>Maps, Goals</td>
<td>DFS, Lean</td>
<td></td>
</tr>
<tr>
<td>Aggregate, Average</td>
<td>Project Tracking</td>
<td>Project Roll-up</td>
<td>IT, Product Dev.</td>
<td></td>
</tr>
<tr>
<td>Cost Reduction</td>
<td>Aggregate, Average</td>
<td>Portfolio Mgmt.</td>
<td>Full Closed-Loop</td>
<td></td>
</tr>
<tr>
<td>More Believers</td>
<td>Copy Success</td>
<td>Validation</td>
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<td>External</td>
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<td>Idea Pipeline</td>
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<td>Repatriated</td>
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<td>External, Custom</td>
<td>Internal, eLearning</td>
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<td>Internal, Expected</td>
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Source Six Sigma
ANNEX 6: Outline of Lean Management

Although the Lean Management approach does not include a maturity model, it is nevertheless interesting to outline its basic principles since readers will be able to compare each lean management tool with items belonging in process maturity model criteria.

Lean Management and its benefits

Lean is a method that seeks to hunt down and eliminate waste (muda in Japanese) by cutting production costs, improving service to boost satisfaction levels among customers and company shareholders.

This continuous improvement method, inspired by, if not copied from, the model deployed by Toyota, links corporate performance to its ability to adapt or ease of adapting to new challenges: when talking about Lean Management, people often also talk about the "flexible company".

Because the fundamental target is as follows: for current products or services, you have to produce as much using fewer resources, the "lean" programme thus enshrines the virtue of allowing you to reallocate your strength to new products and services and hence to free up energies for development and innovation. This principle is taken up in the Process Performance Maturity Management Model

Implementing Lean management requires the company to define its avenues of continuous improvement by:

- assessing strategic priorities and prioritising them
- identifying sources of losses for the company and the customer
- comparing best practice
- empowering personnel through their ability to work as a team and suggest paths to improvement.

In its main outlines, the Lean organisation therefore consists in situating itself at the level of teams, focusing on the work station and its environment. Employees must feel they are continually empowered to provide feedback on dysfunctions as well as submitting suggestions for improvements. The management deployed will foster employee involvement, promoting the search for improvement (almost daily "5-minute" meetings or briefings) and the development of skills in organisational methods.

Lean management, which can be adapted to all economic sectors, is used in many production organisations (manufacturing, telecommunications, etc.).

Although Lean management has yet to offer a maturity model, it is important to note that the Process Performance Maturity Management Model includes many Lean management objectives.
ANNEX 7: Value creation

1 Enterprise Value
The value of an enterprise is defined as the discounted sum of its free cash flow (FCF=turnover-Costs-change in WCR). In this respect, it includes the entire future of the enterprise and hence the quality perceived by its customers as reflected in their lasting intention to purchase or not (revenue growth or churn). "Fair value" is this value adjusted for speculative effects. More intuitively it can be defined in an equivalent manner as follows:

\[
\text{Capital X interest rates} = \text{Interest}
\]

The reverse function gives

\[
\frac{\text{Interest}}{\text{Discount rate}} = \text{Capital value}
\]

\[
\frac{\text{FCF}_{n+1}}{\text{Discount rate}} = \text{Enterprise Value}
\]

\[
\text{Discount rate} = (\text{Price of Time\% + Risk rate\%}) - \text{Growth\%}
\]

Source: Didier Vanoverberghe (May not be reproduced without the author's permission)

The important point to remember in this case is that three key parameters create the value, namely Free Cash Flow, Time – which accordingly includes customer satisfaction (durability criterion) – and Risk.

The usual cost /quality /lead-time troika should therefore be replaced by FCF/Risk, and customer satisfaction/lead times. These three dimensions of management may be rolled out at every level of the organisation and be linked to each other by operating models (business models for each process).

We can also define values seen more broadly from the point of view of customers, suppliers and all other stakeholders.
2 Operating Business Models by Process

Below we provide three examples of Business Models illustrating turnover, customer satisfaction, and costs.

It is important to take note that while these models are used to monitor business, their greatest benefit is to become predictive tools for performers and entrepreneurs.

Example 1 Managing B2B sales forces:

Sales Management Business Model

\[
CA_{\text{prévisionnel}} = CA_{\text{réalisé}_n}\text{mois} + CA_{\text{récurrent}_reste_année} + \Delta CA_{\text{prev_des_affaires}}
\]

\[
\Delta CA_{\text{prev_des_affaires}} = \text{Part}_{\text{du CA en jeu}} \times CA_{\text{Taux réussite prévu}} \times \text{Durée d'impact des affaires}
\]

\[
\frac{\Delta CA_{\text{affaires gagnées}}}{\Delta CA_{\text{affaires gagnées}} + \Delta CA_{\text{affaires perdues}}} = \text{Taux de réussite passé}
\]

\[
\frac{\Delta CA_{\text{affaires si gagnées} + \Delta CA_{\text{affaires si perdues}}}}{CA} = \text{Part}_{\text{du CA en jeu}}
\]

Source: Didier Vanoverberghe (May not be reproduced without the author's permission)

Example 2 Link between customer satisfaction and sales

\[
\text{Taux}_\text{churnDépart} = \frac{\Delta CA_{\text{Taux_churnDépart}}}{CA} \times \text{Elasticité AlaSatisfactionClient} \times \frac{\text{NonQualité}}{100}
\]

\[
\Delta CA = \Delta CA_{\text{Taux_churnDépart}} + \Delta CA_{\text{nouveaux clients}} + \Delta CA_{\text{croissanceClient}}
\]

Source: Didier Vanoverberghe (May not be reproduced without the author's permission)

Example 3: Business Process Model for cost of after-sales service

Demand equation:

Sales Maintenance

Base

Each team supplies a service that generates value

Supply equation

Cost of service, linked to organisation

Maintenance cost = (Cost/No. line faults) X(No. line faults/base) X(base/Sales) XCA

Source: Didier Vanoverberghe (May not be reproduced without the author's permission)