Using TOC to deliver IT projects on time, all the time

Presented by: Lars de Laat, Caesar Groep
Date: October 16, 2009
Agenda

• Background
  – Caesar Groep
  – TOC adaptation

• TOC implementation
  – Critical Chain
  – and more

• Lessons learned

• Where are we now

• Questions
Background

• Caesar
  - Medium sized ICT organization (300 employees)
  - Established in 1993
  - Main service is software development and software maintenance
  - Privately owned
  - Active on Dutch market
Background

• Caesar’s strategy
  – How can we deliver maximum value to customers?
    – Pre 2002: organize the operation as efficiently as possible and share the cost benefits with customers (low cost – good quality)
    – 2002 (recession): low cost strategy leads to an unsustainable competitive advantage
    – 2002-2004: looking for a way to fulfill a generic significant need in the IT market – sustainably
  – Main question in 2004: is there a generic significant need in the IT market that we can fulfill?
Background

• In 2004 we met Eli Goldratt
  - TOC has powerful solutions for various generic problems
  - The IT market is known for its poor project performance: 60-70% of IT projects fail to deliver the right scope on time and within budget
  - Caesar did not outperform the market in project delivery performance in 2004

• In 2004 we concluded
  - Generic need: IT projects that are on time (or early)
  - Direction of the solution: implement ideas from the world of TOC to achieve a high DDP on IT projects
Background

• Ambitious target: build an IT company that delivers all IT projects on time (guaranteed)
  − Bonus for on time or early delivery
    − Assumption: timely or early delivery is valuable (TimeValue)
  − Penalty for late delivery
    − “Put your money where your mouth is”
    − Internal drive to change mode of operation (duration versus hours spent)

• Cooperation with Goldratt Consulting in a Viable Vision context
Agenda

• Background
  - Caesar Groep
  - TOC adaptation

• TOC implementation
  - Critical Chain
  - and more

• Lessons learned

• Where are we now

• Questions
TOC implementation

• In the first six months of 2005 we implemented “TimeValue” offer together with Goldratt Consulting

• Main solution components:
  – Critical Chain project management
    – Student syndrome
    – Parkinson
    – Multitasking
  – Solution for sales
    – Layers of resistance
TOC implementation

• Critical Chain solves a number of major causes for project delay, but is it sufficient?

• A major cause for project failure in IT is uncontrollable scope creep.
  - Time buffering helps absorb some of the uncertainty but is not sufficient
  - Buffering scope negatively affects market offer

• Extra injections:
  - Problem Driven Scope Management (application of the TOC Thinking Processes)
  - Agile development process
Agenda

• Background
  − Caesar Groep
  − TOC adaptation

• TOC implementation
  − Critical Chain
  − and more

• Lessons learned

• Where are we now

• Questions
Lessons learned

• The basics
  – In 2004 Caesar was not used to doing projects. Improving the operation using ideas from the world of TOC we overlooked some of the basics.

• Basic change management
  – Will all people be comfortable in the new way of working?
  – How much can you change in what pace?
  – Improvement, or start-up?
Lessons learned

• Basic project management
  – Effective project teams
    – Resource pools versus fixed teams
  – Reliable planning estimates
    – Expert estimate versus QSM

• Flow issues in execution
  – Where is the constraint?
    – Choose & design
  – From push to pull – quality improvement

• Flow issues between sales and execution
  – Success leads to overload and then starvation
Agenda

• Background
  – Caesar Groep
  – TOC adaptation

• TOC implementation
  – Critical Chain
  – and more

• Lessons learned

• Where are we now

• Questions
Where are we now

- 95% of all projects deliver the right scope on time (for a fixed price).
- Using our TOC skills we are able to identify limiting factors (problems, constraints) and remove them jointly (POOGI)
- Using PDSM we make sure customers invest their money wisely (approx 20% canceled, most projects smaller)
- Customers return to us for new projects
- Customers ask us to help them improve their project performance (new service)
Where are we now

- About 20% of Caesar’s business has been TOC-d
  - Internally: organizational split between the TOC-d business and the rest of Caesar
  - Externally: launch of new brand for the new organization *Garansys (initiative of the Caesar Groep)*

- 2009 and beyond: broadening the scope of our services that feature guaranteed delivery performance to include software maintenance and TOC-IT consultancy
Questions

Questions?

• Contact: 
  l.laat@caesar.nl or www.linkedin.com/in/link2lars

Garansys: IT as agreed
  • TimeValue projects & maintenance
  • TOC-IT consultancy
Lars de Laat joined Caesar Groep in 2003. In 2004 he was one of the team members that implemented TimeValue (Critical Chain, Problem Driven Scope Management, ...).

After the implementation Lars remained involved in TOC-IT projects. His focus is on defining the business problems, using these to manage the project scope and on improving the performance of IT (project) organizations.