Cycle Time

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BEYOND COUNTING BEANS

Return on investment. Show me the money. Where's the beef? It's not *about* the money, it's about the *money*! Is this anyway to run a company? Well . . . yes, no and sometimes.

Our research of digital asset management (DAM), and the generally positive effects of outsourcing DAM to a managed service, reveals a baseline metric for understanding true economic gains: time to value.

Time to value applies the idea of cycle time to return on investment (ROI). We also want to use this new term, time to value, to expand the definition of ROI to include other forms of payback.

In particular, I want to examine ways other than the obvious cost reductions that DAM enables.

Quantification of time-to-value often requires a set of analytic tools such activity-based costing of digital assets and marketing collateral over their lifecycle. Figure 1 depicts several dimensions of a time-to-value metric.

Value-creation process emphasizes the five basic phases in which firms create markets and products, find and serve customers, and prepare for the next round of development.

We have found that each company operates within a remarkably uniform range of capacity and velocity of their value-creation process. Benchmarking the speed and capacity of this process often shocks senior management: they have no real grasp of how this core process works in their organizations, nor where the chokepoints or drags in their process exist. Therefore, we suggest progressive DAMsters start here: document how many people do what to launch a new product. Map it on white boards (you may need four to seven of them to really map it).

Major launches constitute one of the most important and visible events for marketing: either investment in marketing produced a return or it did not. Shaving a few days off a launch date can produce incremental sales.

We suggest DAMsters master the art and science of tracking asset activity and asset-utilization rates to a major product launch. This will provide baseline data for improving future launches, thus making DAM instrumental with corporate operations.

Time to value in this context frames two factors regarding how quickly an organization realized value from DAM or related productivity investment.

Higher productivity of staff and trade partners results from the automation of manual processes, elimination of redundant activities, and keen insights about the end-to-end process of marketing communications for the general enterprise and end-to-end publishing or broadcast operations.

Areas of value suggest that higher productivity and faster time to market can translate into process improvements, reduction of fixed and variable costs, greater overall market coverage from the same level of marketing expenses.

Outsourcing media or marcom activities to a *center of excellence* can further enhance corporate balance sheets through a combination of fixed cost reduction, higher asset utilization rates, and incremental sales from faster and more complete product launches.

AUTOMATION STARTS WITH REPEATABLE PROCESSES

Hard-won lessons from the successful management of large, complex information technology programs emphasize one key finding: an organization can expect economic

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Figure 1: Several dimensions of a time-to-value metric

gains from automation to the degree that the organization uses repeatable processes for the acquisition, deployment and maintenance of new technology.

Quantification of time-to-value often requires a set of analytic tools such as activity-based costing of digital assets and marketing collateral over their lifecycle.

Figure 2 depicts a capability-maturity model (CMM) derived from the seminal work of the IT Governance Organization.¹

Each level describes the degree to which an organization has mastered the acquisition, deployment and maintenance of new technology.

CENTERS OF EXCELLENCE

GISTICS defines a center of excellence as an autonomous business operation that continues to drive best practices for marketing

communications and media production into embedded workflow automation and on-demand systems.

Centers of excellence pursue continuous, on-going process improvement through statistical-quality controls, underscoring attainment of Level Three in a capability-maturity model.

Level Three subsumes the attainments of Level Two and adds new capability.

Written procedures require an explicit documentation strategy, templates and shared terms and usages.

Position contracts detail the accountabilities, deliverables, work standards and daily-report items for each member of a team. All daily-report items roll-up to a workgroup, department and enterprise reporting system.

Standardized procedures entail a fundamental shift, emphasizing the use of data-producing workflow tools and online systems.

Level 5**OPTIMIZED**

Processes refined to best practice; rapid adaptation changes; new opportunities identified and exploited; rapid and successful launches of new revenue channels

Level**ORCHESTRATED**

Self-monitoring of compliance with closed-loop reporting; exceptions managed; continuous improvement of band-franchise platform across all areas of operations

Level 3**SYSTEMATIZED**

Most work done following standardized procedures; habituated and socialised routines that provide consistent high-quality results; implemented via weekly weekings and training; baseline quantification of business results

Level 2**DOCUMENTED**

Some (key) work done following written procedures; communicated through position contracts and action plans, lacks exceptions reporting, daily reports, quantification of business results, and training

Level 1**SMART RATS**

Strong manager and coercive project management; undocumented processes; work done by experienced knowledge workers and “good habits”

Level 0**AD-HOCRACY**

Chaos acknowledged as a problem; no work or process standards; everything done ad hoc on case-by-case basis

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Figure 2: Capability-maturity model

Socialized routines mean that management rely on highly-ritualized meetings in which to validate progress, discuss key frustrations, identify requirements for new systems or tools and volunteer to prototype these new systems or tools. In this context, work means continuous improvement of work — the creation of new systems or tools that improve productivity and job satisfaction.

Baseline quantification of business results emphasizes the application of process-benchmarks to daily-report items from all staff members. At this phase, an organization engages in the full-on pursuit of statistical-process quality control of all workflows and business processes. This becomes a critical capability for on-demand services where one rarely sees or relates directly with user-clients of their services. In the on-demand world, user-clients may stop using a key system and the service provider will not know that something has gone amiss — until it becomes disastrously too late for a graceful recovery.

THE LONG MARCH

All great journeys begin with a single step. That's the easy part! The next 10,000 steps, now that's work. And a good roadmap with clearly demarcated rest stops makes a long journey easier. We have found that the CMM approach not only serves as a good roadmap, but goes a long way to explain past disasters and successes.

Reference

1 www.itgovernance.org