

**Simultaneously Driving Maximal Performance and Agility in Your Enterprise**

Sustainable high performance is a goal that every modern business seeks—but few ever achieve. Today, despite (or because of) relentlessly advancing digital technology, sustainable high performance is growing still more elusive: as [noted by the American Enterprise Institute](http://www.aei.org/publication/fortune-500-firms-1955-v-2017-only-12-remain-thanks-to-the-creative-destruction-that-fuels-economic-prosperity/), only 60 of the original 1955 Fortune 500 were still on the 2017 list—an 88% mortality rate. Further, the average life expectancy of an S&P 500 listing fell from 33 years in 1965 to 20 in 1990, and is projected to reach 14 by 2026. The average enterprise’s sustainable life cycle has shortened dramatically, due to the impact of constant change.

In exploring why the challenge of sustaining a high performance enterprise is getting harder, a McKinsey & Company analysis suggests that modern enterprises are failing F. Scott Fitzgerald’s famous “[test of a first-rate intelligence](https://www.goodreads.com/quotes/22749-before-i-go-on-with-this-short-history-let-me),” namely, “the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function.”

Nowadays, according to McKinsey, sustaining high performance requires agility, and agility can be achieved only by organizations that master a confounding paradox: they are “[both stable and dynamic at the same time](https://www.mckinsey.com/business-functions/organization/our-insights/the-five-trademarks-of-agile-organizations#0).” They have “standardized ways of working” and a “performance orientation,” yet they are adept at “sensing and seizing opportunities” and “flexible resource allocation.” In a nutshell, “they design stable backbone elements that evolve slowly and support dynamic capabilities that can adapt quickly to new challenges and opportunities.”

[Version 2.0 of the CMMI Institute’s Capability Maturity Model Integration (CMMI) performance-improvement model](https://cmmiinstitute.com/cmmi) may well be the framework that digital-age enterprises can use to master this sustainable high-performance paradox, to be both stable and dynamic at the same time.

**CMMI V2.0 Philosophies and Tools Elevate Organizations**

The designers of CMMI V2.0 were determined to migrate the framework from its “process-improvement” philosophy origins to a true “performance-improvement” philosophy. In so doing, they built the solution to McKinsey’s high-performance paradox into the heart of V2.0.

Here’s how the CMMI V2.0 model works:

* **Practice Statements:** The model’s core is a proven set of more than 225 (and growing) global best practices known to improve business performance. They’re written as practice statements that describe specific capabilities necessary for things like planning, solving problems, governance, requirements development and risk management, quality, and many others. Each statement comes in five “maturity” levels of increasing difficulty. Practitioners in each area use the statements to objectively determine what practices the organization is performing, and at what level of maturity (how well they are performing them).
* **Business Value:** Each practice statement has an embedded business value statement describing what Return On Investment (ROI) a business should get when performing that practice. This becomes the required “litmus test” for whether the organization is actually performing the practice—if there’s no evidence the business value is being achieved, the practice is not being performed, or not performed correctly.
* **Performance Analysis:** Performance reports determine whether an organization is meeting stated business objectives and, where it isn’t, provides them with a roadmap to conduct a deep-dive analysis to identify gaps in the process and practices involved.
* **Appraisal:** Optional assessments of an organization’s CMMI maturity and capability levels are conducted by certified appraisers trained to focus entirely on performance and business value achievement, rather than precise compliance with a standardized process.

The thread running through these elements and tying them all together is *business value*. While past versions of the CMMI model evaluated each element separately—in a kind of silo—V2.0 breaks down those walls by viewing all through the lens of relevant business value statements. In fact, even the training and certification process used for appraisers guides them toward that business value focus, as does CMMI’s adoption guidance for the model.

In this way, V2.0 integrates the CMMI model’s traditionally thorough process analysis with an equally detailed performance analysis, creating a more holistic view that better reflects the complexities of the real-world. It’s that holistic, integrated view that enables V2.0 users to rapidly pinpoint root causes of poor performance—and fix them.

In one real-life example, a performance report revealed that just two out of a manufacturer’s 17 component suppliers for a particular product were responsible for 70% of component defects, leading to a significant increase in quality yield for the manufacturer. The organization was not aware of this fact, and once they understood it, were able to take concrete steps to dramatically reduce their supplier defect rate.

In another example, a contract software developer instituted “gold-standard” peer reviews of its change process in order to comply with attaining a CMMI maturity level. But despite its compliance-based focus, the firm struggled with costly rework. When an appraiser refocused them on real business results as opposed to passing an appraisal for compliance-purposes, they managed to root out the cause of their re-work woes: In this case, “New” changes, previously lumped together with “Fix” changes, were the culprits driving the rework. That knowledge led to solutions that lowered the developer’s cost by 40% while actually increasing the speed and quality of each deliverable. Further, by so significantly reducing its internal workload, the developer was able to take on more projects, resulting in large revenue and profit gains.

All of which brings the discussion back to the paradox at the heart of achieving high performance in today’s context of rapid-fire business evolution. With its integrated and holistic enterprise view and fine-grained documentation of enterprise practices and procedures, CMMI V2.0 can be a key tool for two separate but related business purposes:

* First, to identify obstacles to high performance and enable fixes that boost performance.
* But just as importantly in today’s context, when business conditions shift suddenly, V2.0’s enterprise view enables rapid development of a roadmap enabling the business to shift into the new wind.

To borrow from McKinsey, CMMI V2.0 can be the tool supporting both an enterprise’s “stable backbone elements” and its “dynamic capabilities that can adapt quickly to new challenges and opportunities.” That’s high performance and great agility, at the same time—just what an enterprise needs for sustainability in this era of constant change.