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"Our company participated in a Mafia Offer Boot Camp in late November 2006. With the ideas and guidance we received from the Boot Camp we have achieved three highly important outcomes.

We transformed our historical 60%, on time record to 100% on time, in about six weeks. We have now been 100% on time for the last four weeks. We foundhidden production capacity and also increased our profitability. We will start bringing our Mafia Offer to market this week.

We have never had these kinds of dramatic results, or results so fast with any other thing we have tried, and we have tried everything.

This is one program that delivers what they claim."

Richard Pettibone
Drewco Corporation - Designer and Builder of special workholding devices.



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The SilverChain Project

Version 1.0

By Vladimir Sedivy and Michael Novak

Anatomy of a Search for the Project Spirit

It was more than ten years ago when in the centre of Europe, in Prague, the Czech Republic, several former academics founded the I.C.C.C. company, which from the very beginning made it its main goal to become a brain trust in the field of information technologies. As the time passed, the original company has grown into a group of companies centred around I.C.C.C. Group, a.s. (www.iccc-group.com) attempting to find its position in the global market.

The main activities of our group are based on the horizontal grounds of Business, Marketing and Project Development with three constitutive vertical pillars of offered solutions:

- 1) change management
- 2) system integration
- 3) software integration

A great majority of customer-related activities of the company are run as projects, and naturally, new solution and product development of the group takes place within a project management framework. Clearly, the interest of the firm in project management is almost as old as the company itself.

In the course of time it has become ever more apparent that without truly systematic project management we are unable to achieve good quality results in the long term, results for which our customers would be willing to pay well. And this is how our passage of searching for the organizational project spirit began, although when it started, project spirit was something nobody from the people involved had any clue about.

The main effort was focused on project management methodologies of various renowned companies from our industry as well as other business areas. How exactly do large and successful companies manage software solution development? How is information system implementation controlled?

Studying the methodologies themselves, numerous trainings in selected methodologies for key employees and analyses of the best and most successful case studies of international companies with specific customers have taken a lot of time and we still continue in this endeavour. The lessons we have learnt have been creatively transformed into an entirely authentic I.C.C.C. project management system but still we have not fully achieved the expected results.

Naturally, we asked ourselves: "Why?" The answer was not quite simple and unambiguous. If there is a specified and defined goal, the matter in question is the OTIFOB [On Time In Full On Budget] techniques of proper goal achievement management. However, there is also the question of goal specification itself, or, in other words, what is the right thing to do. Everything is influenced by a number of variables, which include, in the most prominent place, human resource competencies as well as competencies and corporate culture as a whole.

Without a consistent change of corporate culture towards the project spirit of the entire company the project management techniques alone are used with only a little effect, compared to what could actually be achieved with the same human resources.

More searching and examining followed.

Anatomy of Event Synchronicity

It is strange that sometimes things happen as though on their own with one event being in full harmony with the other. Our intuition of the right way of development was fully confirmed some two years ago when we came across the book *Critical Chain* by Dr Goldratt. Reading it we experienced true concord between our own perception of project management issues, our problems from practice and anticipated solution, which had already been comprehensibly described in the book. For us this meant the start of studying project management based on the "Critical Chain" method as well as the start of going into the TOC itself and its possible use both for management of our company and our products.

At that time we received a Czech translation of the *Critical Chain* book mentioning a contact address to the just-established Goldratt CZ branch office. After having exchanged several phone calls a meeting in person was held which was interesting for the mere fact that Mr Martin Powell and Oden Cohen from the Avraham Y Goldratt Institute UK paid a visit to us. Directly at the meeting they explained the principles of TOC and Thinking Process using several specific examples.

Anatomy of Strategic Choice

We faced a decision what to do next. We started negotiations with Goldratt CZ about possible cooperation and about the ways of implementing the Critical Chain in I.C.C.C. activities. The decision was to use the Critical Chain method primarily for managing all I.C.C.C. projects.

The result was formation of the SilverChain development project which was started on December 20, 2000 and will be completed in September of this year. The goal of the SilverChain project is to establish a situation where all I.C.C.C. projects are managed according to the Critical Chain method in multi-project environment.

As a part of the project it was necessary to choose and implement a suitable piece of software supporting this method. By that time we had already evaluated the ProChain and Concerto products. Some of the decision criteria for selecting a particular technology included evaluation of the features specified below:

- support of activities in distributed environment; we use our development partners to develop various software components and we have several branch offices in various European cities;
- support of web interface and internet technologies (in addition to clear connections with the above point, a most simple and open standardized environment was required in terms of control and compatibility to ensure ease of use by both project management specialists, TOC Board members of the company and resources);
- ability to introduce custom modifications to our customer and partner implementations associated, for instance, with diverse metrics and their specific needs.

After having gone through all the available products again and having evaluated all selection criteria, we arrived at a conclusion that none of the existing products fully satisfied our requirements, especially in view of the expected developments in technologies and architecture of comprehensive enterprise information systems. Given the fact that we had already had many years of experience in software development and a consultant from Goldratt CZ was made available to us, we decided to develop a new product of our own that could also use our own web technologies of RelatioNNet.

And this was how the SIMA product line was brought to life.

Anatomy of the Product

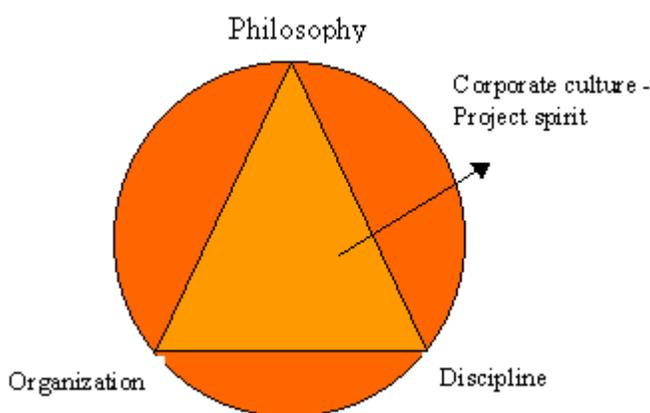
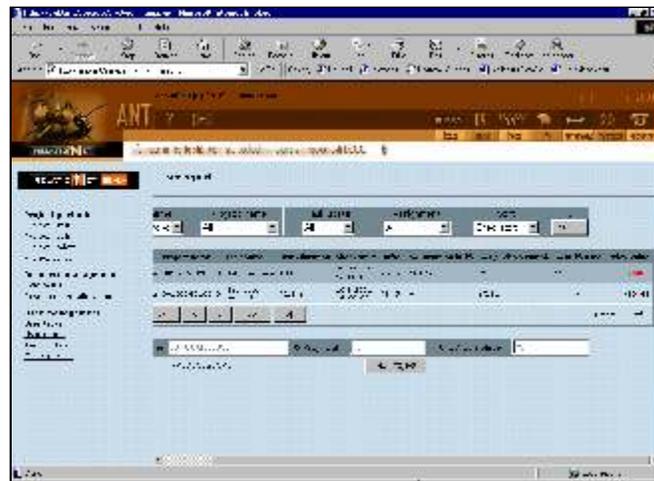
Development of the SIMA product line was included as a subproject into the SilverChain project. In the planning phase there were concerns that original technology development might negatively affect the progress of the entire SilverChain project by excessive time requirements. It has been proved, however, that Version 1.0 could be developed in relatively short time, substantially shorter than time necessary for implementing a change of corporate culture associated with introduction of TOC principles. The product development itself proceeded smoothly according to the time plan. By contrast, problems were faced when overcoming resistance and winning internal support of all the company employees. This was not the case with the top management but with regular

employees, especially in the areas such as motivation change or personal responsibility principle (relay runner). Another stumbling block was involvement and time requirements imposed on some top managers, in particular the Financial Manager and Human Resource Manager in relation to tasks such as metrics and employee motivation. Their workload was too heavy but the project team managed to handle even this problem. The last challenge was publication of the project management model for our customers and partners. This part of the project is still quite successfully on the right track.

The SilverChain project has thus gave birth to our SIMA product line featuring functionality we required. The product stores data in a central database where project synchronization also takes place. This database is accessible from any branch office while the basic data about projects are available through a web component. All necessary information is available to project resources on web pages.

Anatomy of Success

Our subsequent activities are clearly associated with distributing the product we have created to our customers worldwide.



The Critical Chain implementation in our company has demonstrated in practice what we were only talking about at our top management meetings in association with our customer related activities. What we have learnt is that the project spirit is a part of corporate culture and that influencing corporate culture is the single most important thing to change. Corporate culture is not something one can implant, something one can impose. It must be built using three pillars: Philosophy, Organization and Discipline.

The Critical Chain method falls primarily under the sphere of Philosophy. * The other pillars of a successful solution must not be neglected either. That is why we have decided to develop not only our SIMA product but also other tools supporting this complex process. Our effort has materialized in our Symphony PMO solution, a comprehensive project management office product we have recently brought to the market.

The first feedback from our customers with whom we checked the need for a project management office as such and the sales method of a Mafia Offer ** type is largely positive.

We also intend to create a Mafia Offer for partners who implement the Critical Chain with their customers and to offer them our product and our support using SIMA for their implementations. Possibly, the offer might also include experience-sharing from implementations and, especially, from overcoming resistance and Project Spirit implementation using the Critical Chain.

As our TOC horizon becomes gradually wider, we decided to rely on this theory also in the area of developing other products for our customers and, even more importantly, to change our own company by means of this theory. Everything we have seen so far in the Theory of Constraints is in line with our practical experience, it conforms to our way of thinking and it is in accordance with our strategy for the future.

And so based on our SilverChain project experience we have started another project with the aim to implement the TOC within the entire I.C.C.C. corporation where the main goal is to establish our company as a competitive

global player in our industry.

Naturally, SIMA and the Symphony Project Management Office are an integral part of solutions developed for and offered to our customers, which should help us achieve the goal.

We believe that the Symphony PMO solution will become one of the flagship products of I.C.C.C. in the years to come and that by using TOC we will succeed in true transformation of the company into a prosperous global corporation. We view the support of Goldratt CZ as a grateful assistance in our effort.



For more information on the SilverChain Project, write to Mirek Smira at mirek.smira@goldratt.cz

Footnotes

* *Editor-in-Chief's comments:* V. Sedivy and M. Novak's model represents Critical Chain as a philosophy for managing projects. However, AGI's approach to project management, called TOC Project Management, includes Critical Chain. The key issues stemming from the logical analysis fro single-and multi-project environments are from the lack of, or difficulties with:

- Synchronization Mechanism - conflicting priorities between projects and resources
- Project Planning - missing the effects of dependencies and error from time estimates
- Project Scheduling - errors of additive rule, and releasing work too early
- Resource Behaviour - Bad multi-tasking, CYA, Parkinson's Law, 3 minute egg rule, Student Syndrome
- Project Control and Impact Visibility - no effective mechanisms to determine when a project (or resource group) is in trouble or to determine which projects can afford to wait awhile; using task and milestone performance as indicators

AGI's solution set addresses these issues through mechanisms and processes:

1. A synchronization mechanism that allows projects to be started later, but finished sooner and that clarifies resource assignment priorities
2. Planning processes that account for the needed dependencies and completion criteria
3. Changes in behaviour that support a world class relay team culture
4. Scheduling processes that concentrate safety where it will provide the most protection
5. Mechanisms that create "Project Control & Visibility" to assist in global decision making

It also has a budgeting process that is complementary to the planning and scheduling process called Critical Chain Budgeting.

In summary, TOC Project Management is more than a philosophy. AGI's approach embodies the remaining two pillars, organization and discipline, identified in the author's article.

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The URO is part of the TOC process for an organization developing and deploying a Market Strategy. In the URO, the key is in finding ways to improve the bottom line of a (target) market (a group of existing/potential customers) so that the supplier can improve their own bottom line. Successfully implemented, the URO represents the TOC essence of win-win.

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