


More Impact Innovation eZine for November 2012

How much time do your projects spend waiting?

The More Impact eZine - Strategies and tools for companies committed to growth by delivering more value for their customers with new product and service innovation. Brought to you by Guided Innovation Group and Mike Dalton.

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How much time do you your projects spend waiting?

So how much time do you think your projects spend waiting on resources and management attention? What if you found out that, even ignoring evenings and weekends, your projects spend 50% or more of their time waiting?

A client of mine recently explained how he found himself in that exact situation. He analyzed several projects and here's what he discovered.

"Mike, I've got to tell you what just happened with a post-mortem (his words, not mine) we did on several key projects that we struggled to finish last year. I was absolutely shocked by what we found.

Initially, I was encouraged to see that the amount of work charged against each lined up pretty well with the estimates," he said while fiddling with the paper jacket on his cup. "Then I realized the discouraging part—each task could have finished much, much earlier."

"Really?" I said recognizing a pattern I'd heard elsewhere. "How so?"

"Well, when we started looking across multiple projects, it was obvious that in order to keep everything moving, each engineer was splitting their time across multiple projects."

"So what undesirable effect is that causing?" I asked.

"It means that all of our projects are taking longer than they should."

"And why is that?"

"Wait time." was his immediate answer. "We're actually spending more time waiting for tasks to be worked on than it takes to complete them!"

"And what impact is that having on your company?"

After thinking about it for a moment he replied, "I think it means that we're making less money on new products than we should."

Surprised because he'd been so emphatic just a moment ago, I asked "Why do you seem hesitant about your conclusion?"

"Because the same amount of work is still getting done. So I'm wondering if it's really reducing new product output." The look on his face made it clear that it was more of a question than a statement.

"OK. I see your dilemma," I said as I walked over to the conference room's whiteboard. Let me sketch something out that you might recognize."

First I wrote out on a single line:

AAAA\$ BBBB\$\$ CCCC\$\$\$ DDDD\$\$\$\$

Then on the four lines below that I wrote:

A w w w A w w w A w w w A \$

w **B** w w w **B** w w w **B** w w w **B** \$

w w **C** w w w **C** w w w **C** w w w **C** \$

w w w **D** w w w **D** w w w **D** w w w **D** \$

"So let's say your company has four projects, but only has enough resources to work on one at a time. Line 1 represents the cash flow in this situation. You run Project A for four weeks, finish it and then begin seeing cash flow from it at the same time you start Project B. And then so on, until all four are done and delivering cash flow."

"Makes sense," he nodded.

"But are you working that way?" I asked.

"Not even close. We work like this," he said gesturing towards the bottom four lines. "appeasing all the project sponsors by spreading our resources across all four. Our engineers work a day or so on Project A, then a day or so on Project B, then Project C, then Project D. Then the next week, they'd jump back to A. Not always in that order, but always doing some work on each project each week. As you've sketched out here, we're adding a lot of waiting time."

"Believe me, you're far from unique in that respect." I assured him. "So to your earlier reservation, if they all get done anyway, is there any..."

"Difference?" he jumped in. "It's a big difference. A typical project takes us 18 months, so just cutting the number of simultaneous projects in half would earn us an extra 9 months of cash flow on each project. That's millions of dollars for each new product that's lost forever because we're not making the tough choices. We borrow a bundle of working capital prior to

each year's buying season just to finance the supply chain build up. So yeah, cash flow like this matters—a lot! And that kind of cost will definitely get executive leadership's attention."

"OK. So are there any downsides to making a change like this?"

"I guess the sponsor for Project D might feel like he was getting a raw deal. But since his project doesn't take any longer and all the others get done earlier, it's overall a big win for the company. I can sell that."

"Can we return for a minute to your original comment about the same amount of work getting done." I asked.

"What do you mean?"

"Well, when an engineer works the way you've described, how much of their time is spent on real engineering vs. just keeping all the plates spinning. Plus what happens when you work on something intensively and then have to abandon it for a few days?"

"You definitely lose a lot of the momentum every time you switch gears," he agreed.

"By some estimates, as much as 50% of your time goes to non-value adding activity by the time you reach four active projects."

"So not only does spreading our resources too thin make everything take longer, it also reduced how much our resources get done—that's just adding insult to injury!" he smiled.

The MoreImpact Bottom Line

Spreading your resources across too many projects means that all your projects take longer than they should and most of a projects time is spent waiting. Waiting on resources and even waiting on management attention for critical decisions. As more and more projects are added to the active list, a sort of glacial innovation ensues—with everything moving but very slowly.

Most companies run two to four times more projects than they are capable of executing at full speed. While counterintuitive, putting just 25-50% of those projects on ice can defrost the entire system and get more projects making it to market again and in much less time.

Until next time - Here's to your growth,

Mike Dalton
Managing Director and Chief Innovation Coach
Guided Innovation Group, LLC

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