

# **Secrets of World Class Software Organizations**

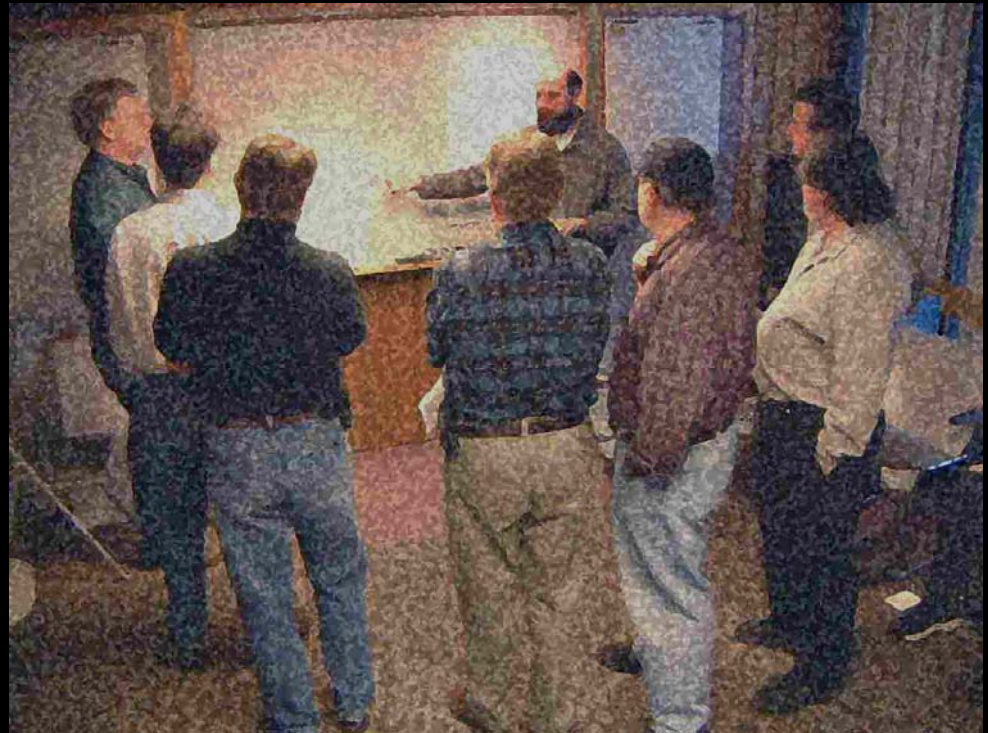
**[www.construx.com](http://www.construx.com)**

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# Views of World Class



# My View of World Class

- ❖ Can you have a *world-class* software organization inside a *mediocre* business?
- ❖ Can you have a *mediocre* software organization inside a *world-class* business?

Software Executive Summit 2004



# My View of “World Class”



MONTHLY BALANCE SHEET SCHEDULES							
My Company name	2006	Green Cells > Calculated Monthly Balances					
Money Figures Expressed As >	\$1						
	New Fixed Assets						
	95,000						
MONTHLY BALANCE SHEETS	31/12/05	01/01/06	02/28/06	03/31/06	04/30/06	05/31/06	06/30/06
ASSETS	Previous month end						
Cash plus Short term Securities	317,505	487,876	284,111	274,141	406,383	267,711	
Accounts receivable	967,500	917,076	991,475	1,090,187	1,061,221	1,159,933	1,159,933
Inventories	642,550	694,966	746,064	824,006	809,766	885,244	885,244
Notes receivable	0	0	0	0	0	0	0
Prepaid expenses and other current assets	8,000	10,000	0	0	0	0	0
TOTAL CURRENT ASSETS	1,935,555	2,109,917	2,021,650	2,188,335	2,277,369	2,312,887	2,312,887
Long term securities	50,000	60,000	0	0	0	100,000	100,000
Investments at cost	75,000	85,000	0	0	0	0	0
Property, Plant & Equipment							
At Cost	682,709	682,709	717,709	717,709	717,709	777,709	777,709
Accumulated Depreciation							
Net Property, Plant & Equipment							
Investment in Other Companies							
Other non-current assets							
Deferred Income Tax							
Deposits							
Accounts Payable							
Accounts Receivable							
Inventory							
Notes Payable							
Prepaid Expenses							
Long Term Debt							
Current Portion of Long Term Debt							
Other Current Liabilities							
Other Non-current Liabilities							
Equity							
Common Stock							
Retained Earnings							
Accumulated Other Comprehensive Income							
Other Equity							
Total Liabilities and Equity							



# Software Development Success

Providing software that is...

1. On time...
2. On budget...
3. With desired functionality...
4. At the defined quality level...
5. In a sustainable way...

# Overlap with 10x ...

Some of the most replicated research results in software engineering:

- ❖ 10x differences between different developers working on same/similar systems
- ❖ 10x differences between different organizations working on similar products

# Background on Selection of World-Class Software Organizations



# Background: Construx Activities

- ❖ Consulting: Dozens of companies each year
- ❖ Training: Hundreds of companies each year
- ❖ Events: Executive Summit
- ❖ Industry participation
  - ◆ IEEE
  - ◆ OMG
  - ◆ SeaSPIN
  - ◆ ECSE
  - ◆ Etc.
- ❖ Other Research
  - ◆ Surveys
  - ◆ Discussion/focus groups
  - ◆ Forum discussions
  - ◆ Reading other people's and companies' research
  - ◆ Etc.

# Construx Consulting and Training Clients

## **Aerospace**

- ❖ Alaska Airlines
- ❖ Boeing Company
- ❖ FAA
- ❖ Northrop Grumman
- ❖ Rockwell
- ❖ United Space Alliance

## **Telecommunications**

- ❖ Motorola
- ❖ Nokia
- ❖ QUALCOMM
- ❖ RIM
- ❖ Symbian
- ❖ Verizon

## **Computer Hardware and Manufacturing**

- ❖ Apple
- ❖ ATi Technologies Inc.
- ❖ Cisco Systems
- ❖ Dell
- ❖ Hewlett-Packard
- ❖ Intel
- ❖ Texas Instruments

## **Retail**

- ❖ Amazon
- ❖ Costco Wholesale
- ❖ Expedia
- ❖ Nordstrom
- ❖ Starbucks
- ❖ Walmart

## **Software Products and Systems**

- ❖ Adobe
- ❖ EMC
- ❖ Intuit
- ❖ Microsoft
- ❖ RealNetworks
- ❖ Symantec

## **Government**

- ❖ Lawrence Livermore National Lab
- ❖ Los Alamos National Lab
- ❖ National Security Agency
- ❖ Naval Sea Systems Command
- ❖ NOAA

## **Entertainment and Media**

- ❖ AOL
- ❖ Electronic Arts
- ❖ Google
- ❖ MSNBC
- ❖ Walt Disney Company
- ❖ Yahoo

## **Financial**

- ❖ Chubb
- ❖ Fidelity Investments
- ❖ Merrill Lynch
- ❖ TIAA-CREF
- ❖ Washington Mutual
- ❖ Wells Fargo

## **Healthcare**

- ❖ Cardinal Health
- ❖ Eli Lilly
- ❖ IDX
- ❖ Philips Ultrasound
- ❖ Roche Diagnostics
- ❖ Spacelabs Medical

# Which Companies Can We Talk About?



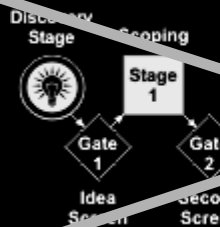
# **Sample of World-Class Software Organizations**



# Microsoft® (circa 1990)



DO THE  
RIGHT  
THING



# Microsoft® (circa 1990)



“The goal is NOT to write code. If we could ship products and make all this money without writing any code, we would. Your job is to *ship products EXACTLY on time*. It doesn’t matter whether you’re a developer, tester, program manager, product manager—whatever. Everybody’s job is the same.”

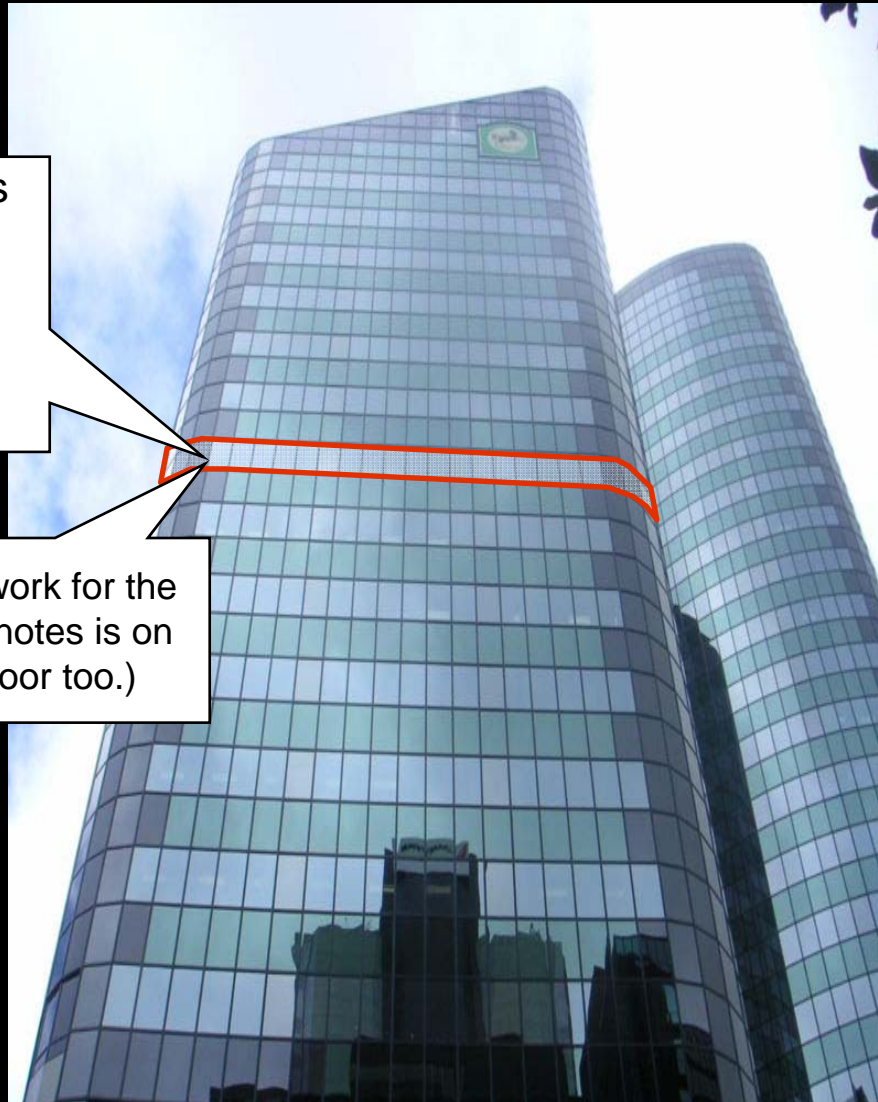
—Chris Peters, Excel 3.0

# Microsoft® (circa 1990), cont.

Post-It Notes  
are on This  
Floor

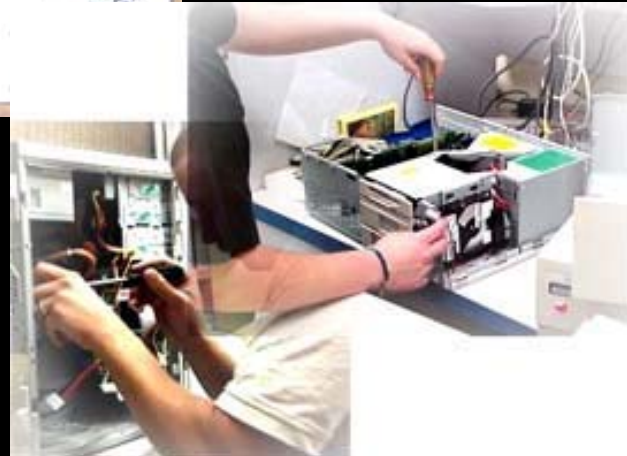
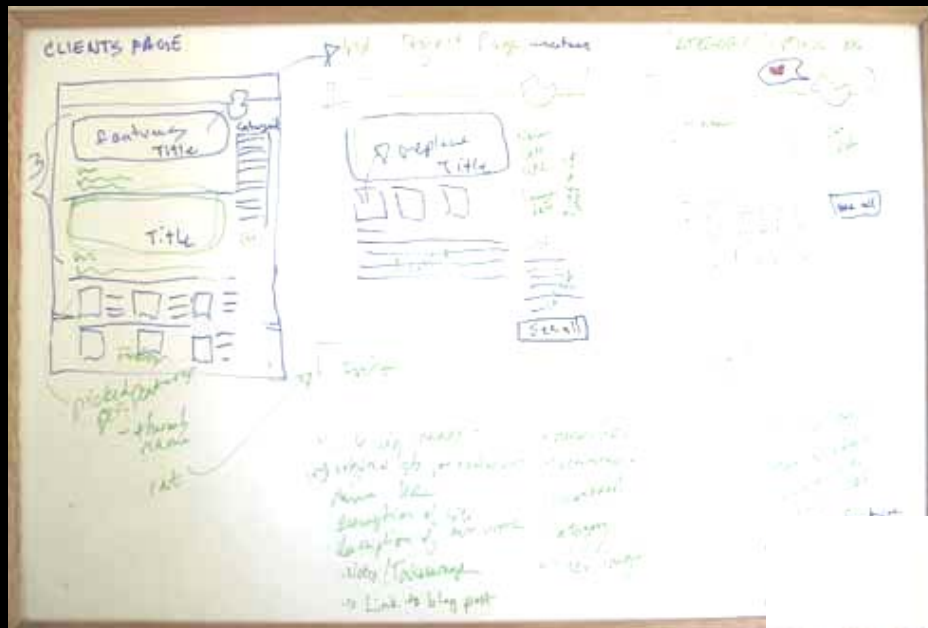


(Paperwork for the  
Post-It notes is on  
this floor too.)





# Microsoft® (circa 1990), cont.





# Microsoft® (circa 1990), cont.

Getting **fired** is  
nature's way to  
telling you that you  
had the wrong job in  
the first place

Hal Lancaster



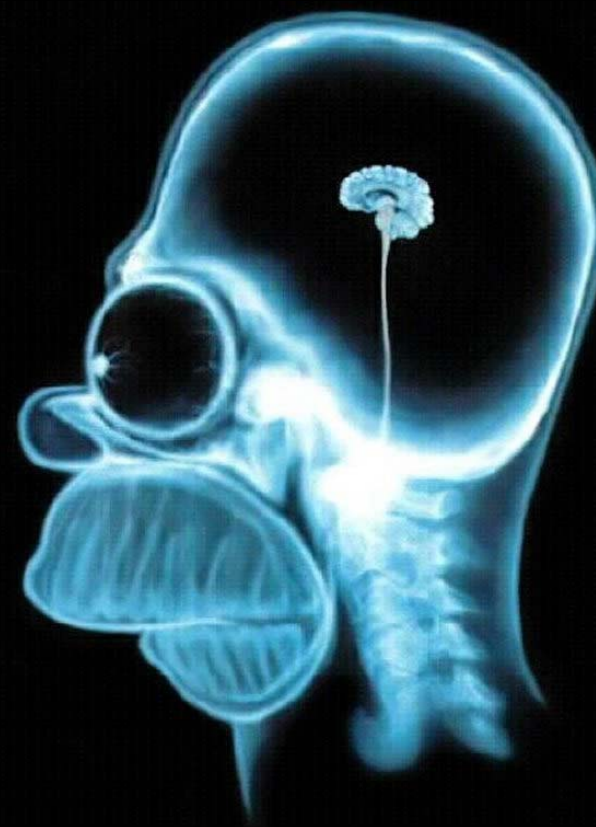
# Google™







cont.





cont.



“The goal is to strip away everything that gets in our employees' way. We provide a standard package of fringe benefits, but on top of that are first-class dining facilities, gyms, laundry rooms, massage rooms, haircuts, carwashes, dry cleaning, commuting buses—just about anything a hardworking employee might want.

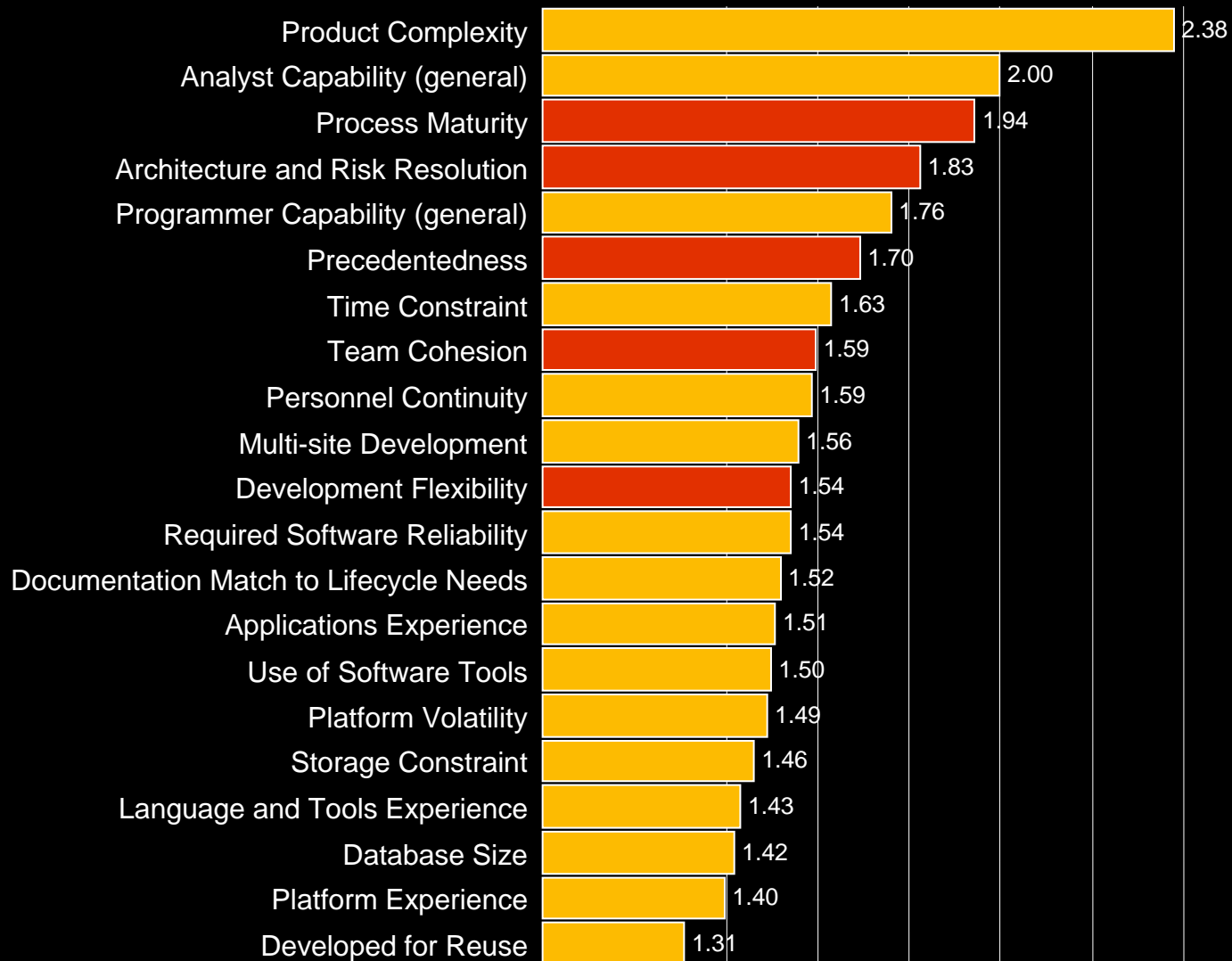
**Let's face it: programmers want to program, they don't want to do their laundry.”**

– Eric Schmidt, CEO Google

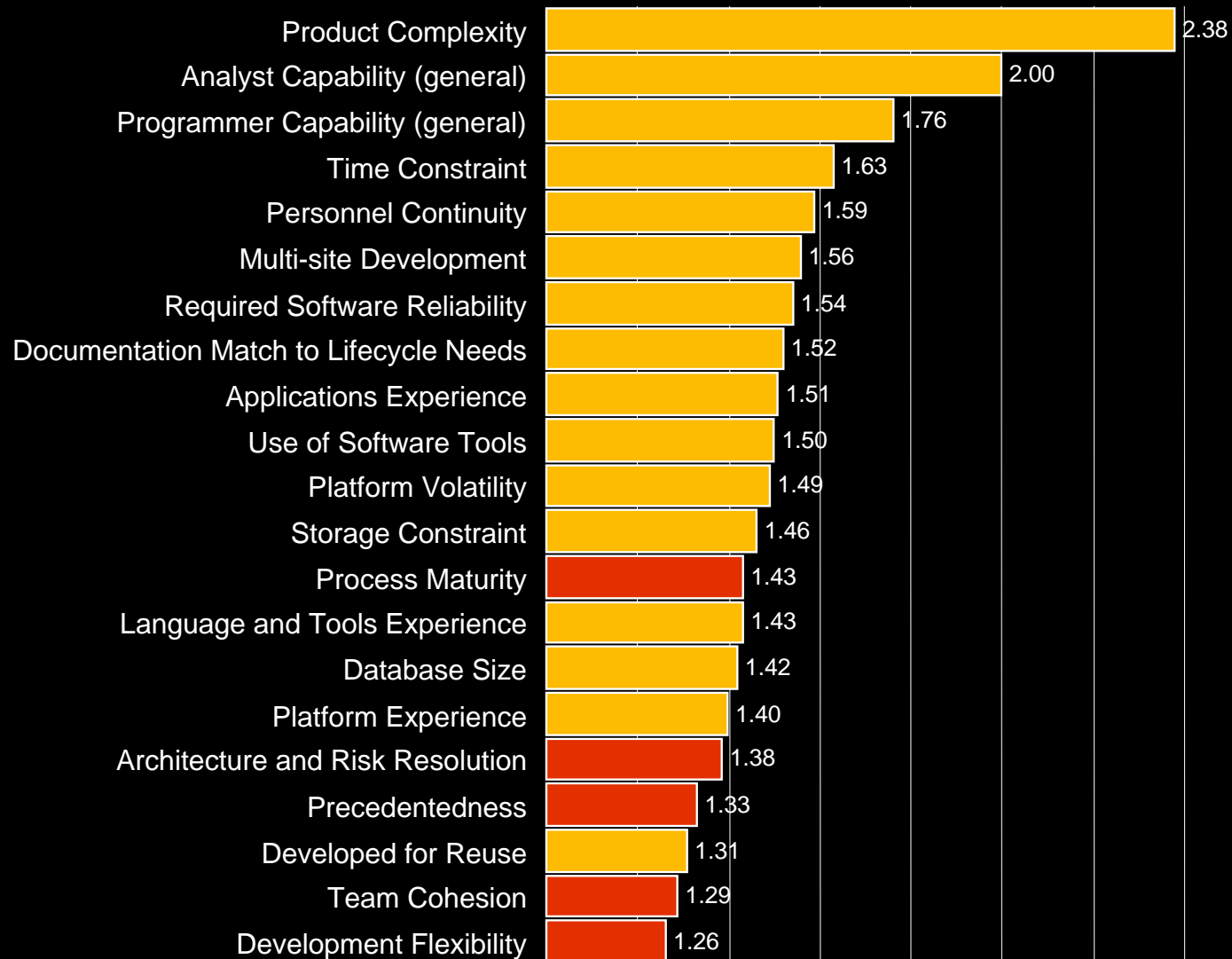
## **Interlude: What Factors Really Matter?**

# **Cocomo View**

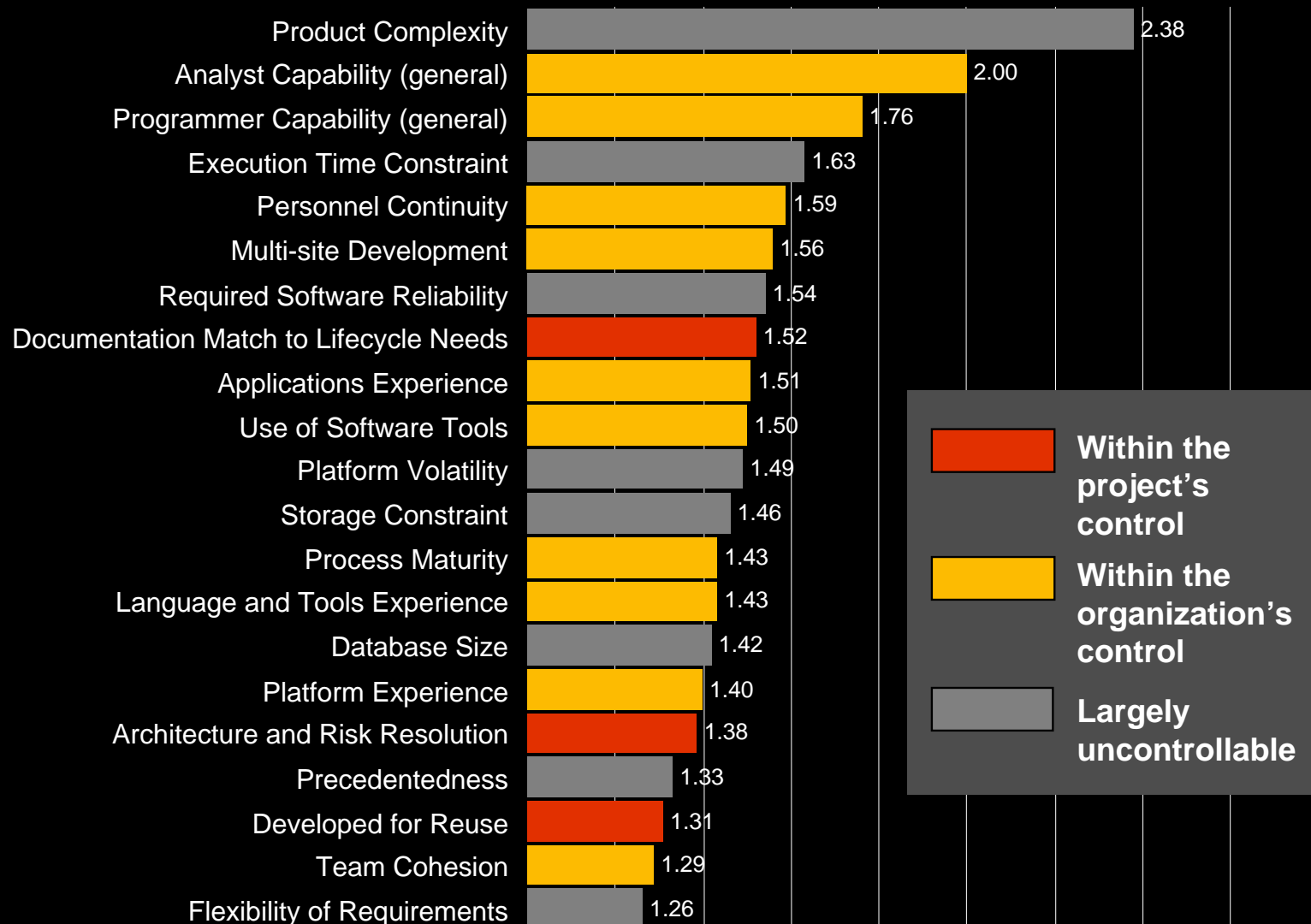
# Effort Multipliers & Scaling Factors (at 5M LOC)



# Effort Multipliers & Scaling Factors (at 100K LOC)



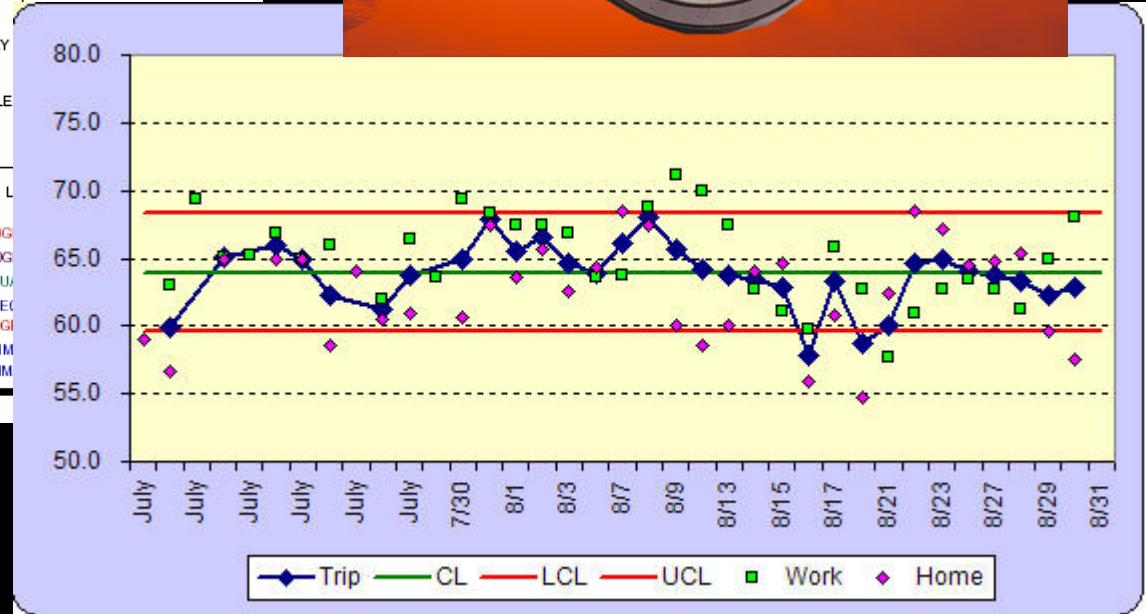
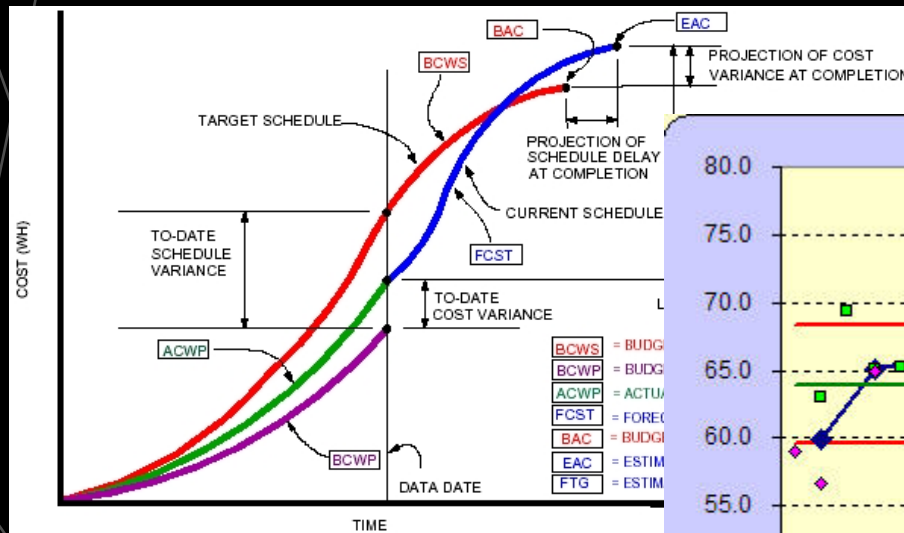
# Where Can Organizations Improve?





# Sample of World-Class Software Organizations

*Continued*



**Interlude:  
What Factors Really Matter?**

# **Discipline of Market Leaders**

# Discipline of Market Leaders



- ❖ Three value dimensions:
  - ◆ Operations
  - ◆ Product Leadership
  - ◆ Customer Intimacy
- ❖ Leading companies excel in one area and suffice in other areas





# NASA SEL

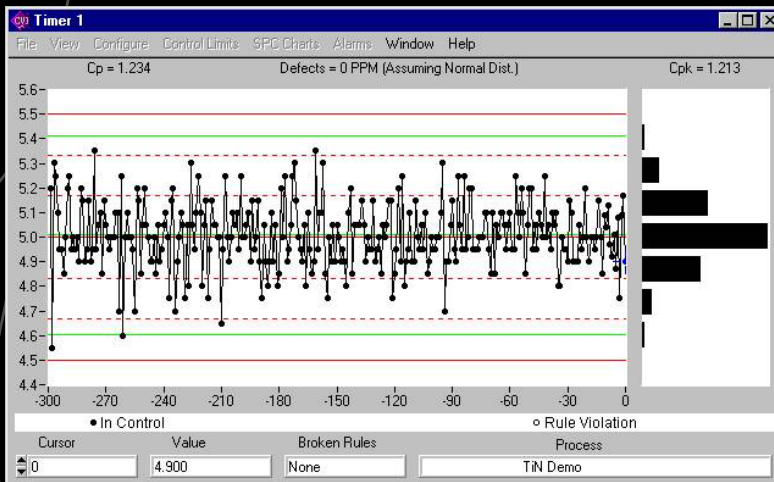
## NASA SEL Do's

- ❖ Create and follow an SDP
- ❖ **Empower project personnel**
- ❖ **Minimize bureaucracy**
- ❖ Define the requirements baseline and manage changes to it
- ❖ **Take periodic snapshots of project health, and replan when necessary**
- ❖ Reestimate system size, effort, and schedules periodically
- ❖ Define and manage phase transitions
- ❖ **Foster a team spirit**
- ❖ **Start the project with a small, senior staff**





cont.



“If you can’t find the time to do it right, where are you going to find the time to do it over?”



## Define Quotas

Study: QuickTry

Quota Total:

☒ Checked

Delete	Cell Number	Description	Cell Limit
<input type="checkbox"/>	1	Rarely	100

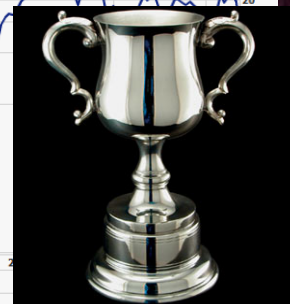
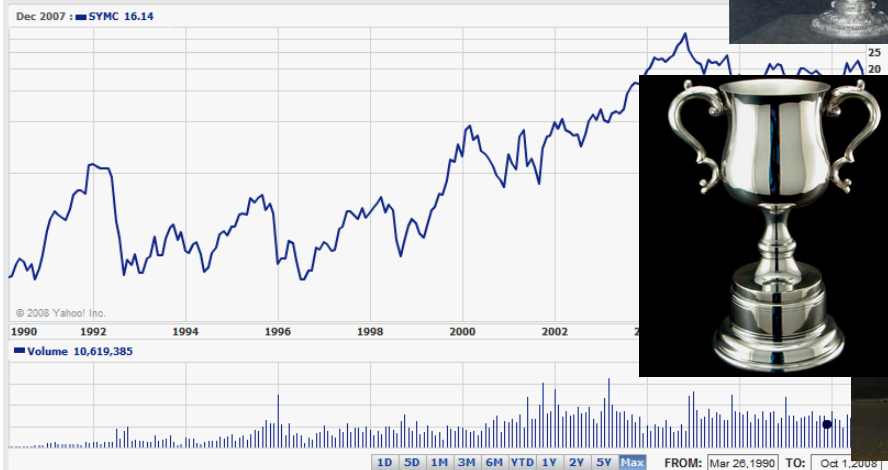
### By Quota and Date

Study: QuickTry

Start Date (MM-DD-YYYY):

End Date (MM-DD-YYYY):

Cell	Name	Quota	Completed	To Go	1-17-2002	1-18-2002	1-19-2002
All Cells		500	365	135	180	120	65
1	Rarely	100	72	28	48	22	2
2	Sometimes	200	138	62	59	37	42
3	Often	200	155	45	73	61	21
TOTAL		500	365	135	180	120	65





# Conclusion

# Attributes of World-Class Software Development Organizations

- ❖ Top talent
  - ◆ Support for top talent
- ❖ Strong sense of mission
  - ◆ High degree of alignment with the mission
- ❖ Real *business* accountability
- ❖ Commitment to quality (variously defined)
- ❖ Frequent introspection (learning from mistakes)
- ❖ “Standard” practices become highly adapted to local environment
- ❖ High degree of staff commitment, but as an effect of the other factors, not as a cause



Software Development Best Practices

Construx Software is committed to helping individuals and organizations improve their software development practices. For information about our training and consulting services, contact [stemcc@construx.com](mailto:stemcc@construx.com).

Seminar Schedule: [www.construx.com/calendar](http://www.construx.com/calendar)

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