LeanKanban UNIVERSITY

Presents

Fit For Purpose

resilience & agility in modern business

Presenter
David J. Anderson
Chairman, Lean Kanban Inc.

Modern Management Methods Moscow
October 2014
Release 1.0

Why did you come here, today?

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So you want to make some changes?

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Can you afford it?

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Are you really so clever and so brave?

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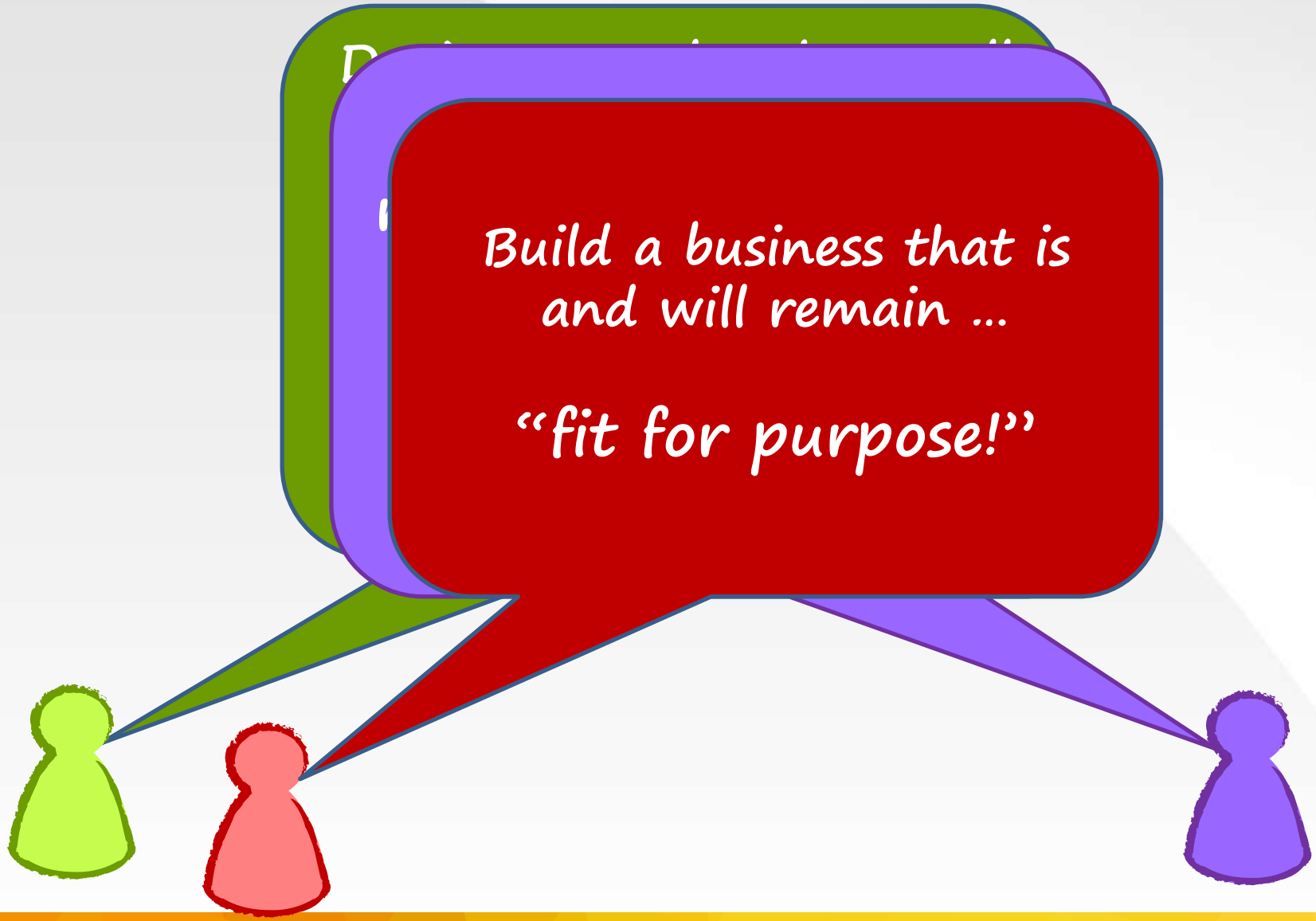
Don’t try to have all the answers!



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Understanding “fitness for purpose”

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What makes a pizza delivery service "fit for purpose" ?

- Fitness criteria are metrics that measure things customers value when selecting a service again & again
  - Delivery time
  - Quality
  - Predictability
  - Safety (or conformance to regulatory requirements)

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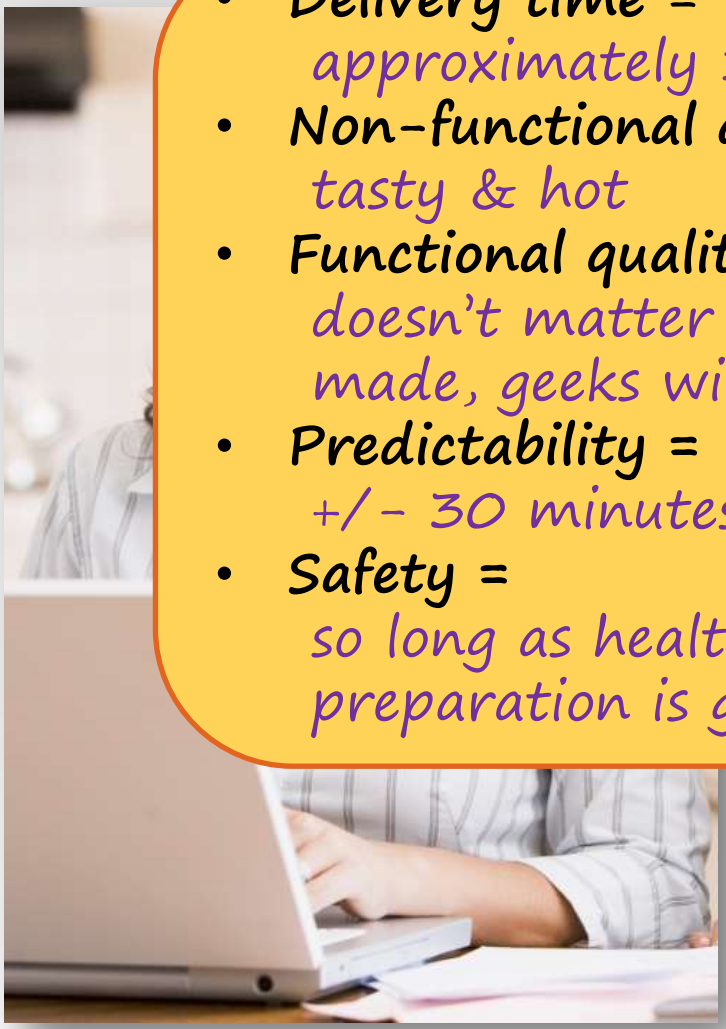
Meet Neeta - a project manager



- **Delivery time =**
  approximately 1 hour
- **Non-functional quality =**
  tasty & hot
- **Functional quality (order accuracy) =**
  doesn't matter if small mistakes are made, geeks will eat any flavor of pizza
- **Predictability =**
  +/- 30 minutes is acceptable
- **Safety =**
  so long as health & safety in food preparation is good, it's fine

orking

d them

her team

a delivery

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Neeta is also a working mom!

- **Delivery time** =
  20 minutes
- **Non-functional quality** =
  doesn't matter too much, it's pizza!!!
- **Functional quality (order accuracy)** =
  it must be cheese pizza! No other flavor is acceptable! (even if you take the pepperoni off)
- **Predictability** =
  +/- 5 minutes maximum!!!
- **Safety** =
  only mommy worries about that stuff!

age 4, 6, 9 & 11 years!

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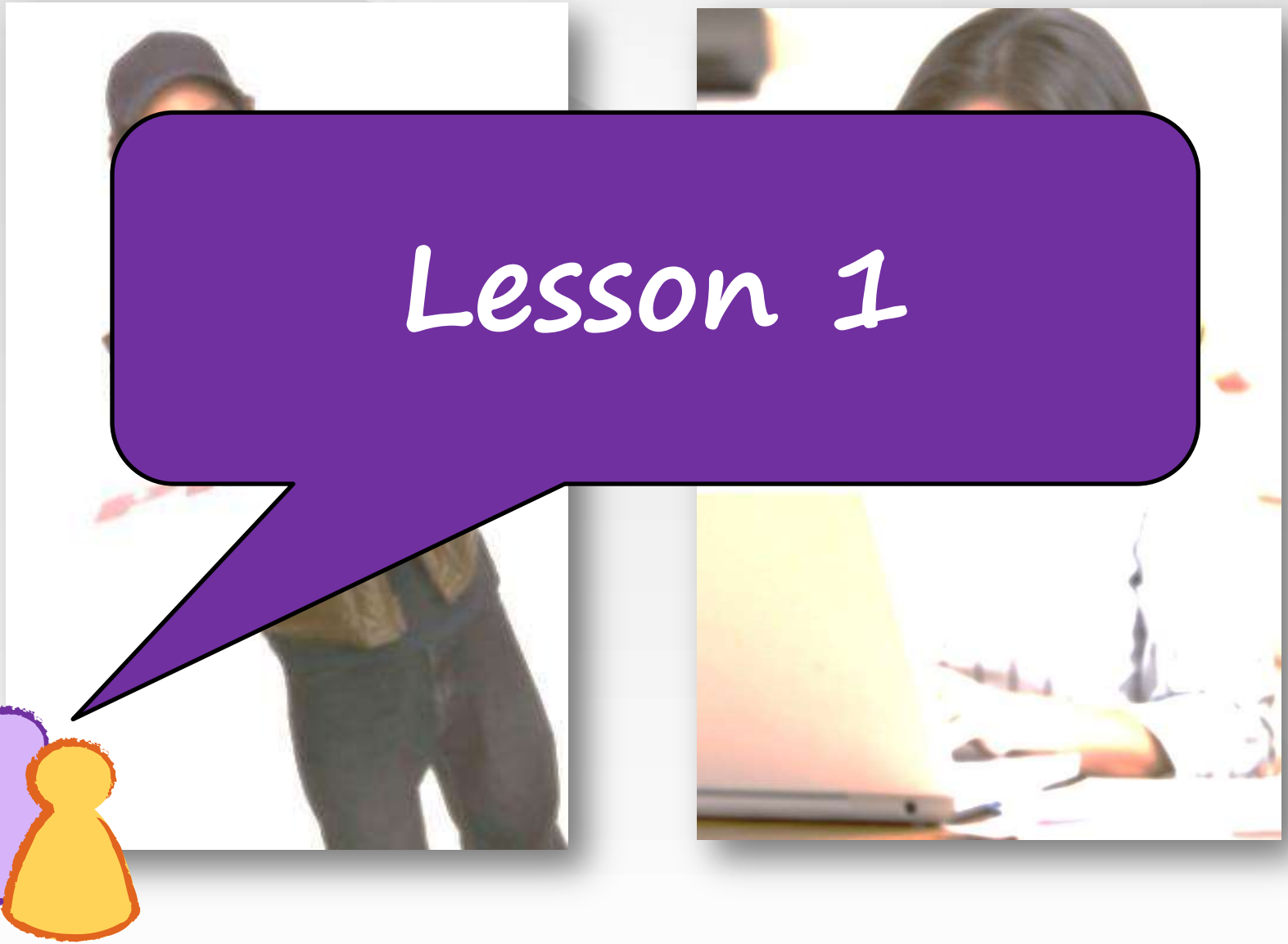

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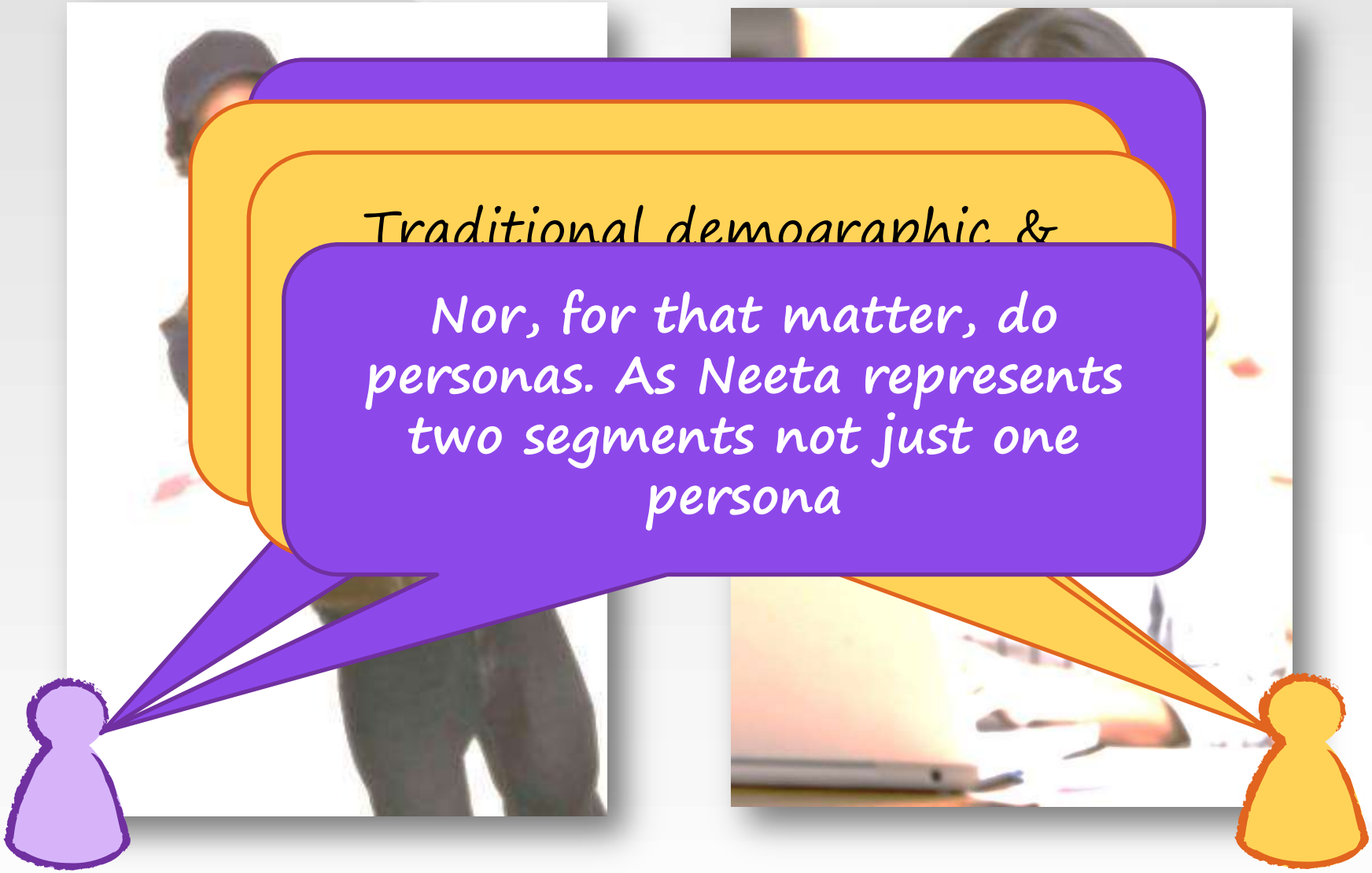

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Service Delivery Kanban enables us *"to do things right"*

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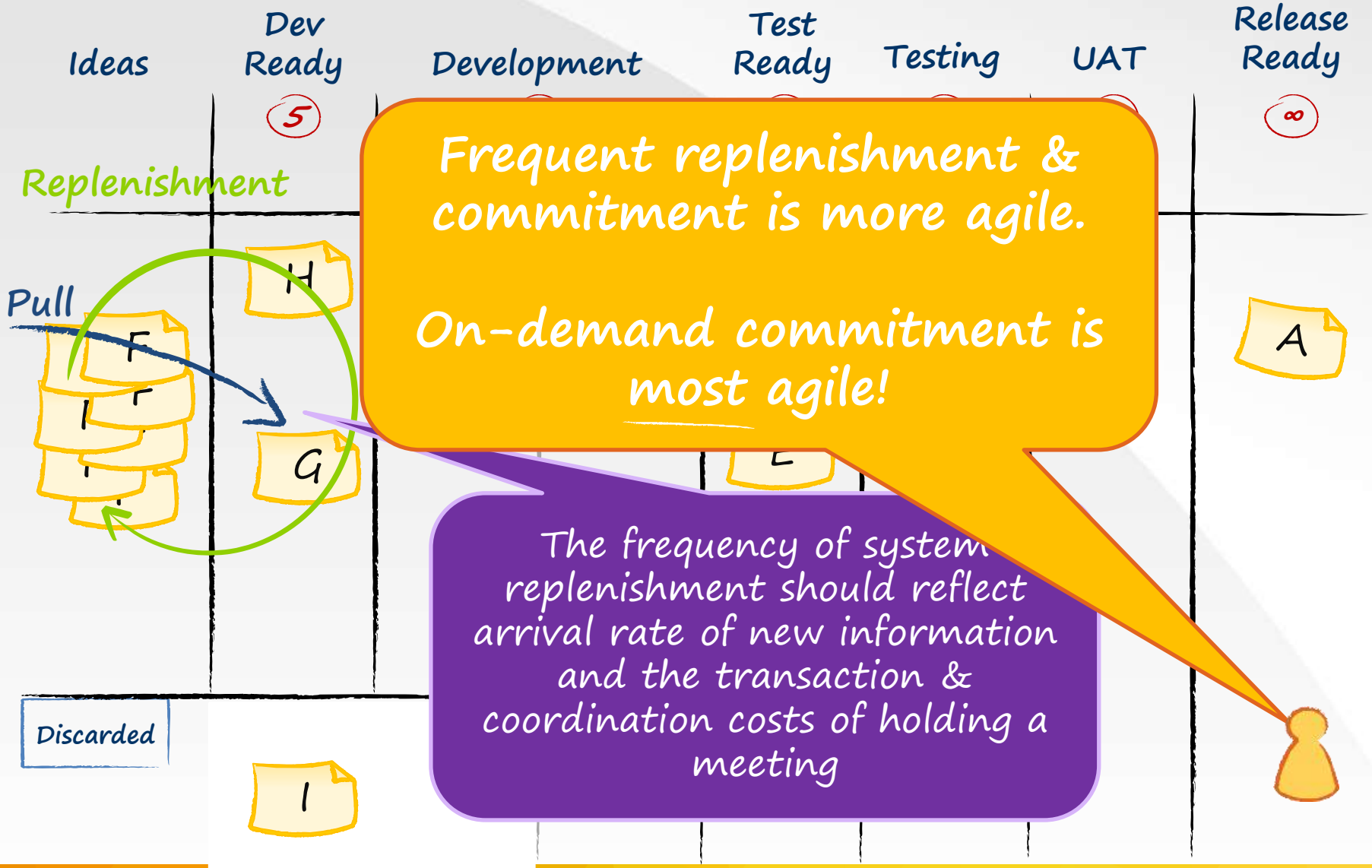
Commitment Frequency



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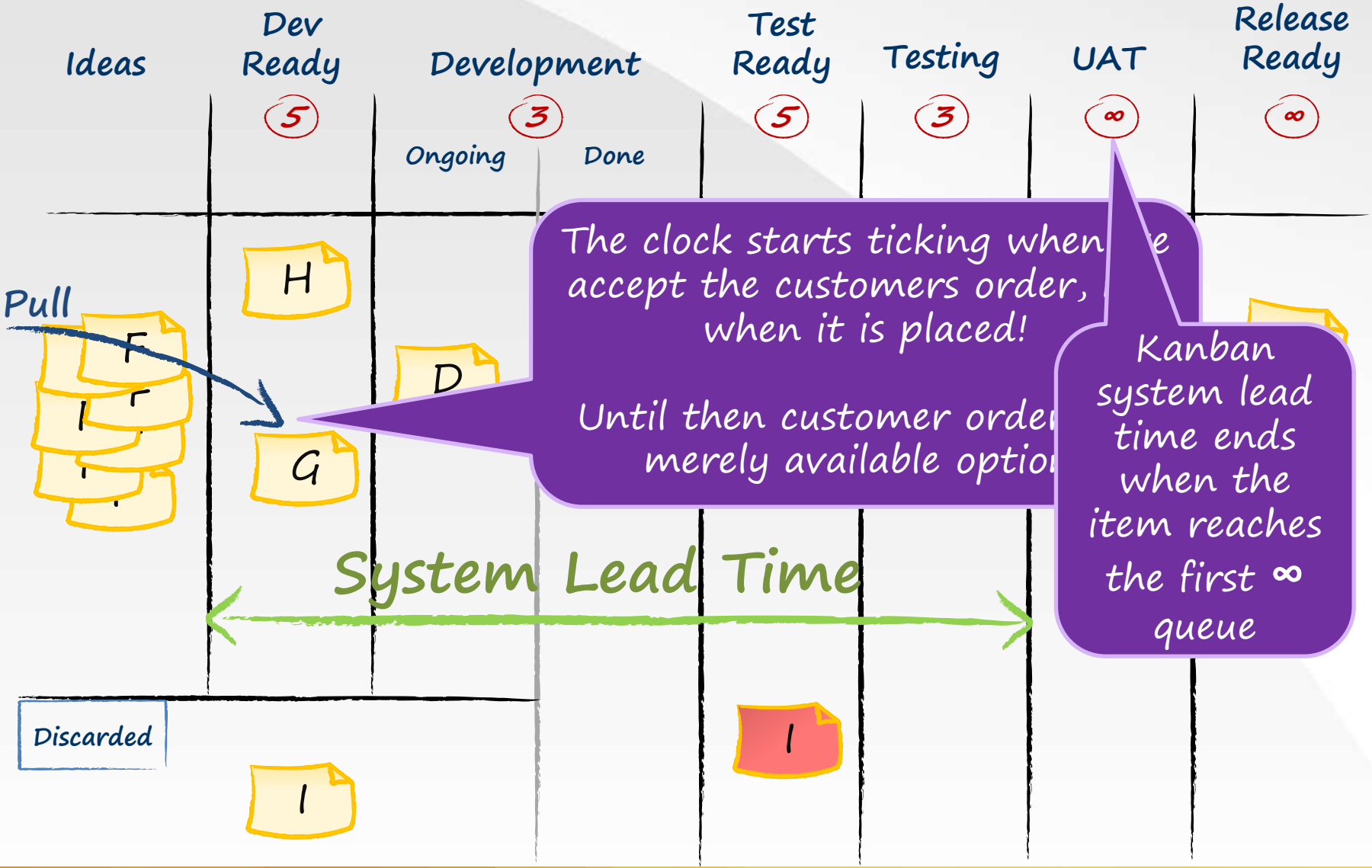
Defining Kanban System Lead Time



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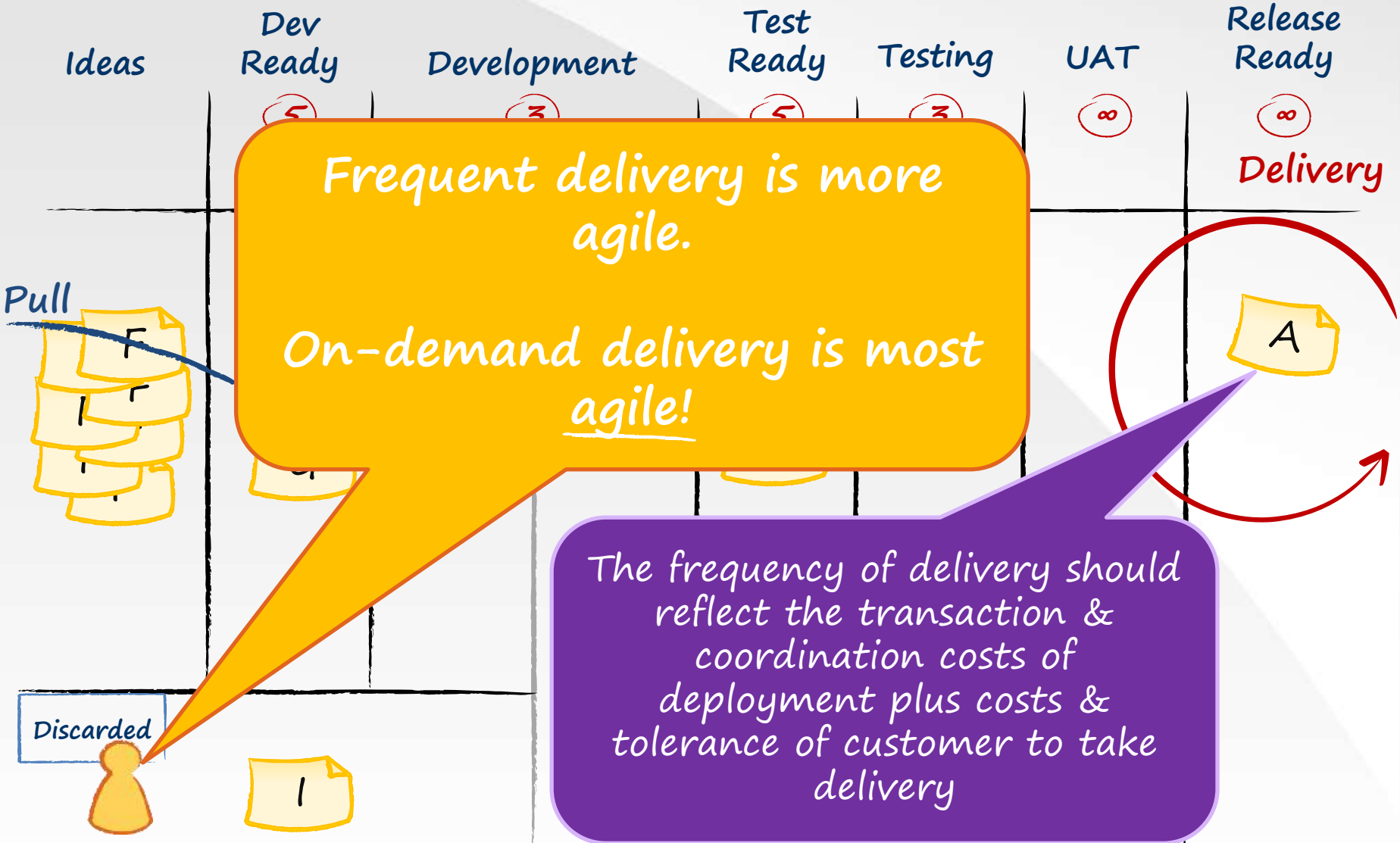
Delivery Frequency



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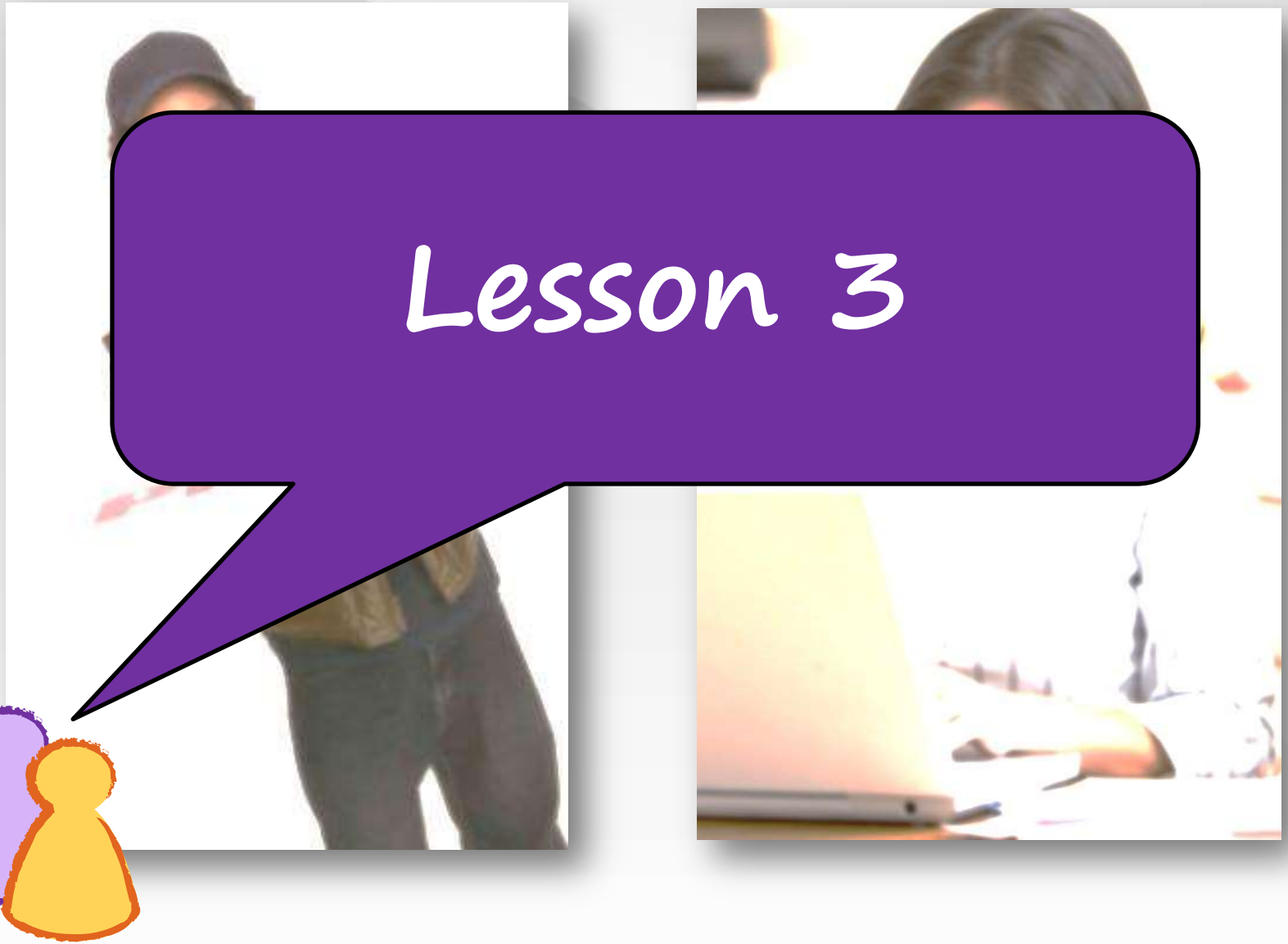

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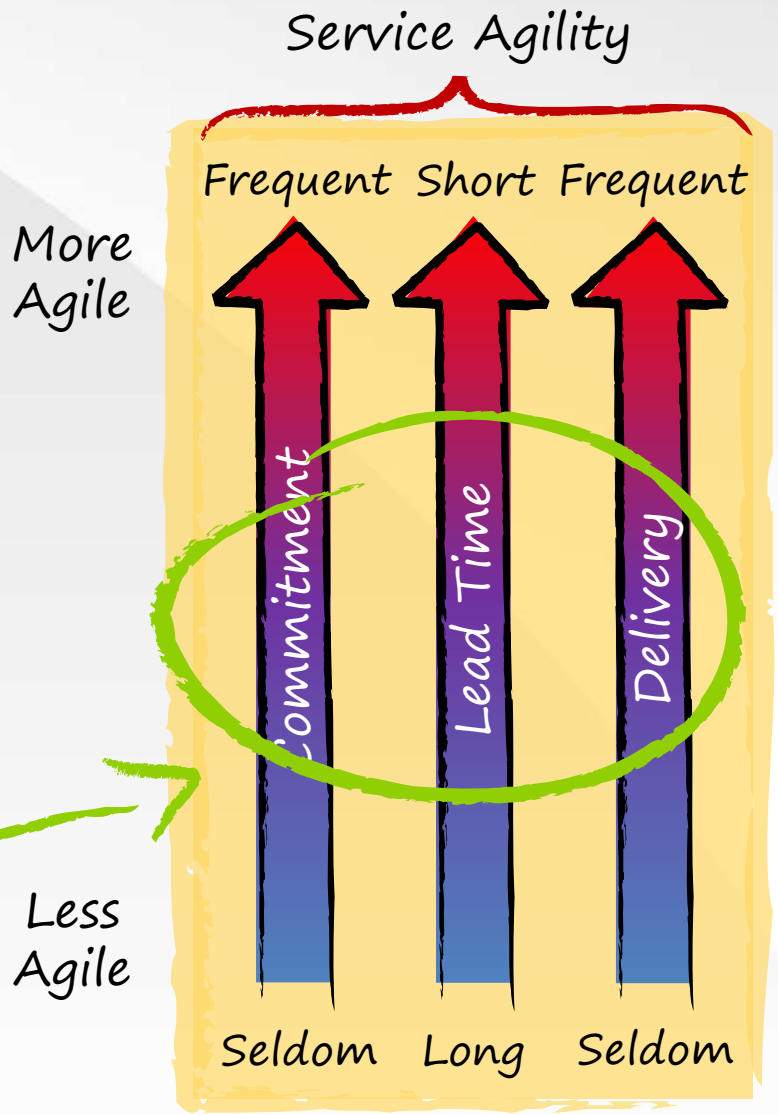
Service Delivery Agility

Service Agility

Commitment
frequency
Lead Time
Delivery
Frequency

Kanban system dynamics



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Adapting to deliver better service

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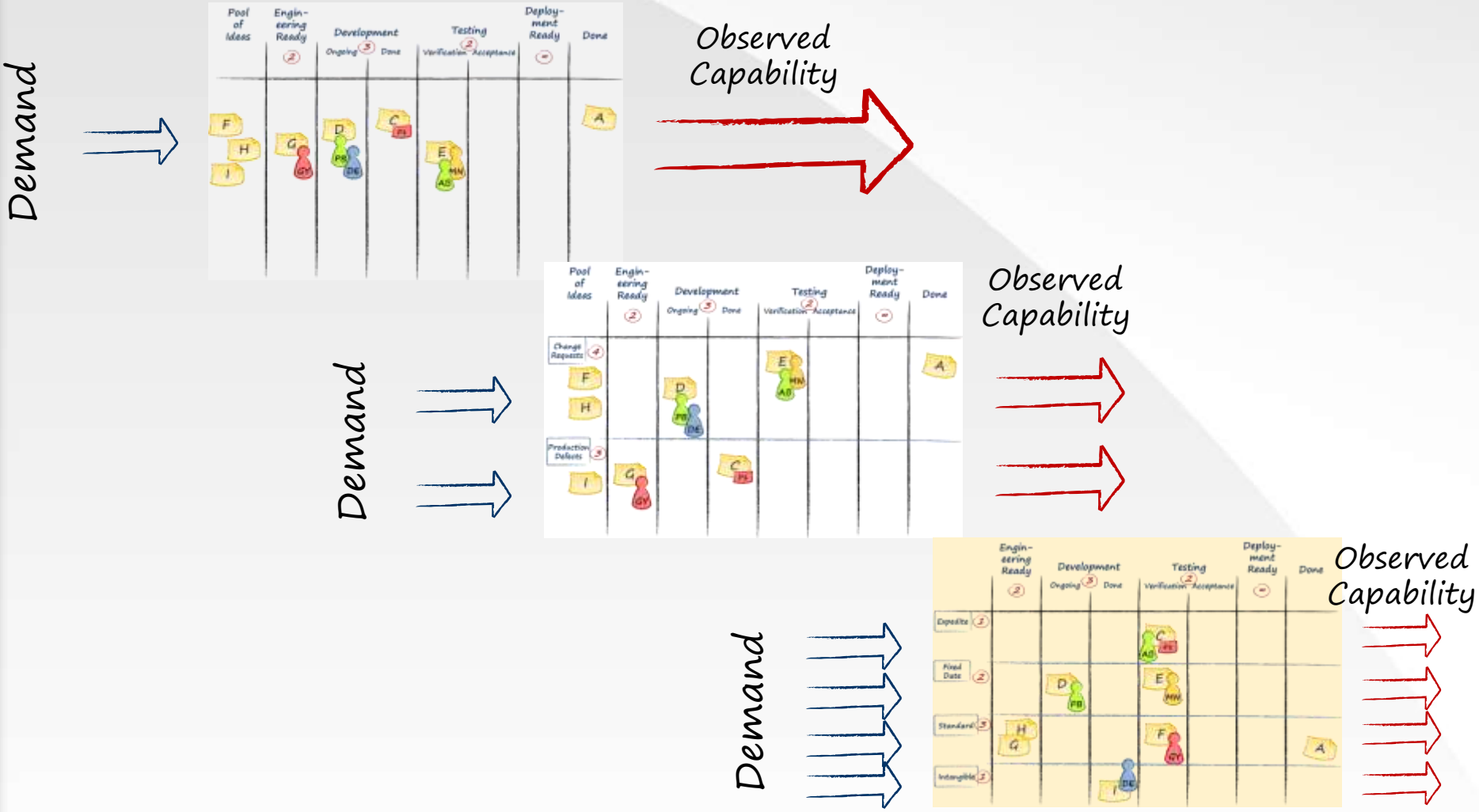
Each service delivery workflow can have its own kanban system



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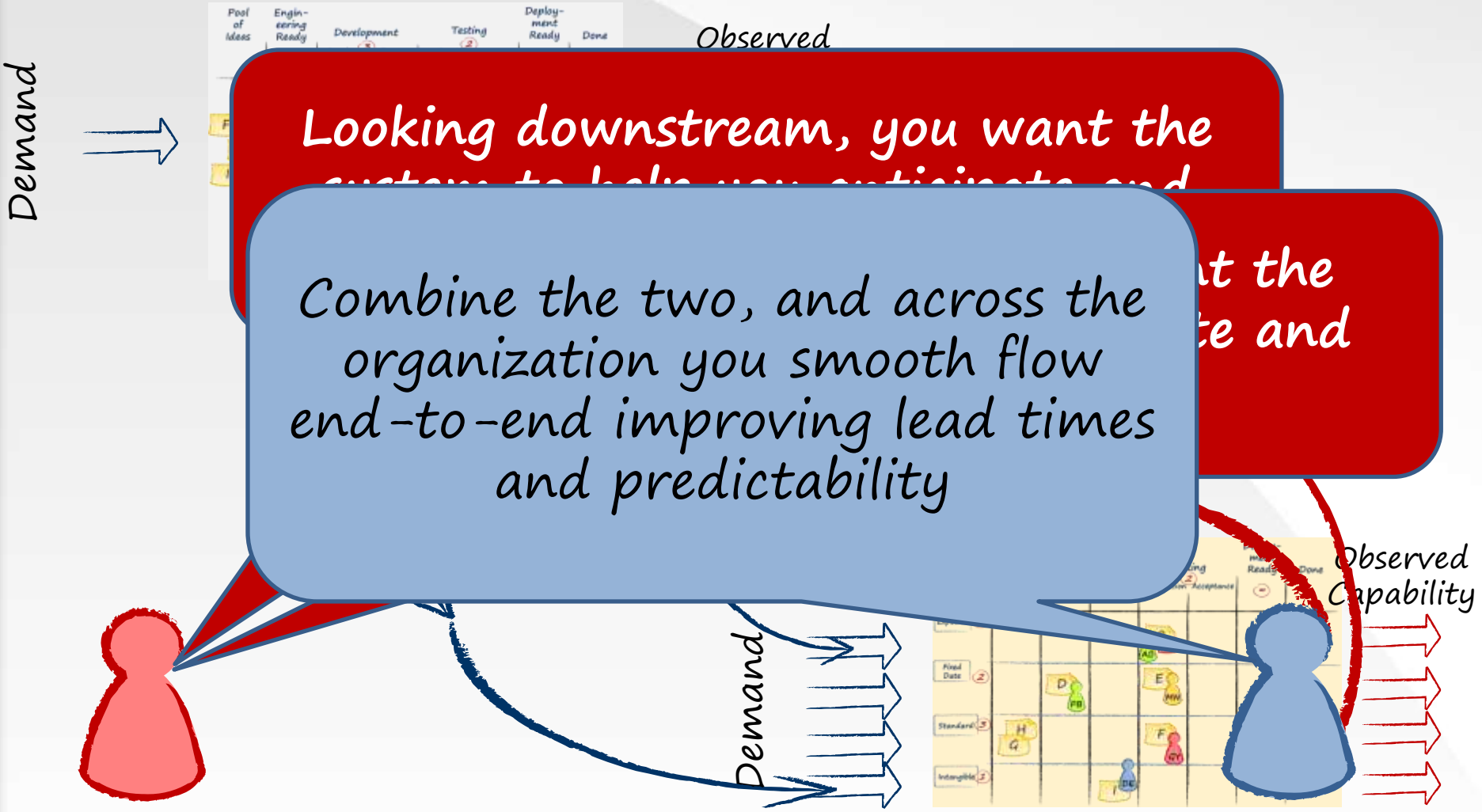
Dependencies between systems create an ecosystem



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Feedback is needed at 3 levels

Operations Review

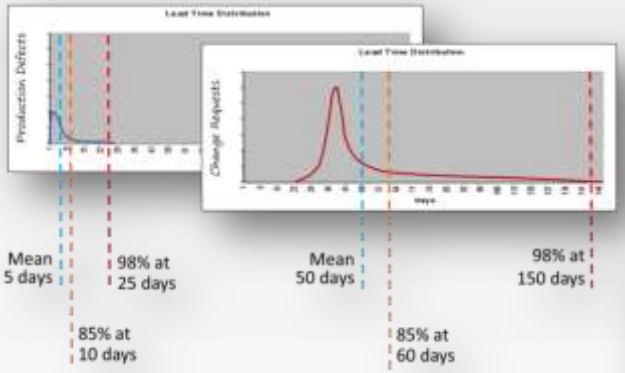
monthly

Service Delivery Review

weekly

Standup Meeting

daily



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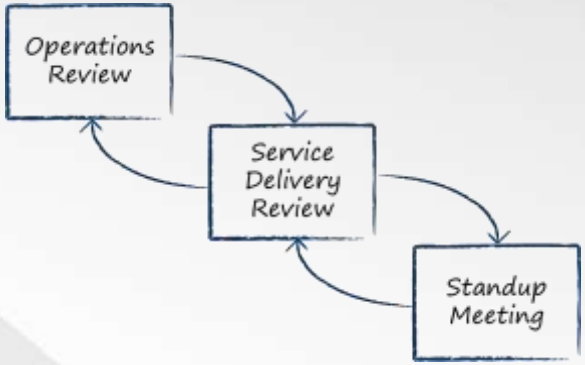
Standup Meeting



Daily

Disciplined conduct and acts of leadership lead to improvement opportunities

Problem solving & improvement discussions are taken outside the meeting

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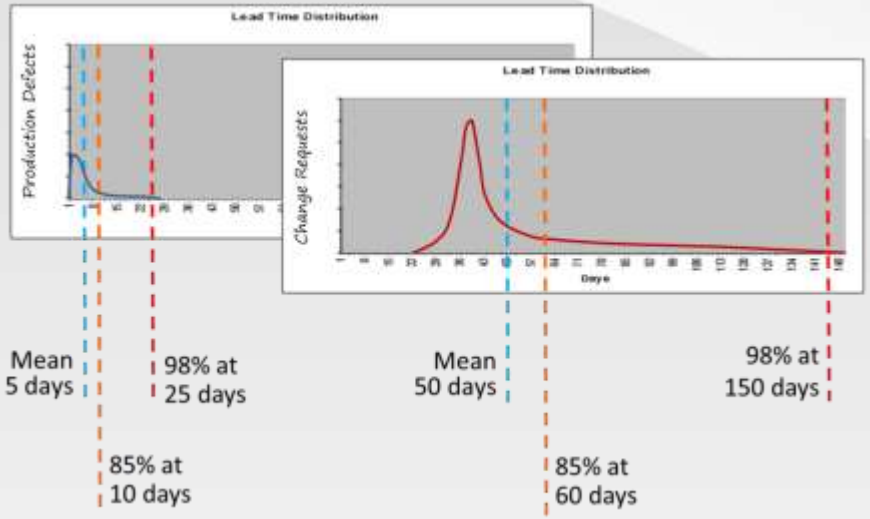
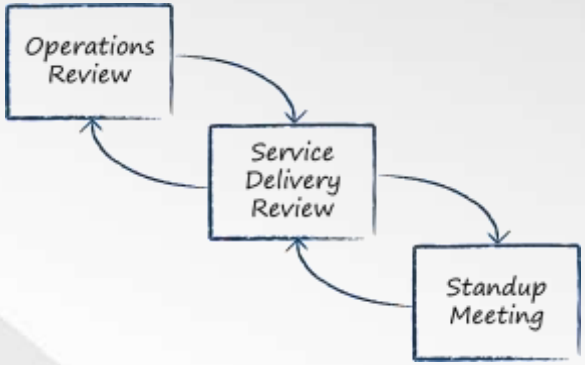
Service Delivery Review





Weekly

A focused discussion about system capability

Usually in private (often 1-1) between a more senior manager and individual(s) responsible for the system operation

Review against fitness criteria metrics, e.g. current capability versus lead time SLA with 60 day, 85% on-time target

Discuss shortfalls against (customer) expectations

Analyze for assignable/special cause versus chance/common cause

Discuss options for risk mitigation & reduction or system design changes to improve observed capability against expectations

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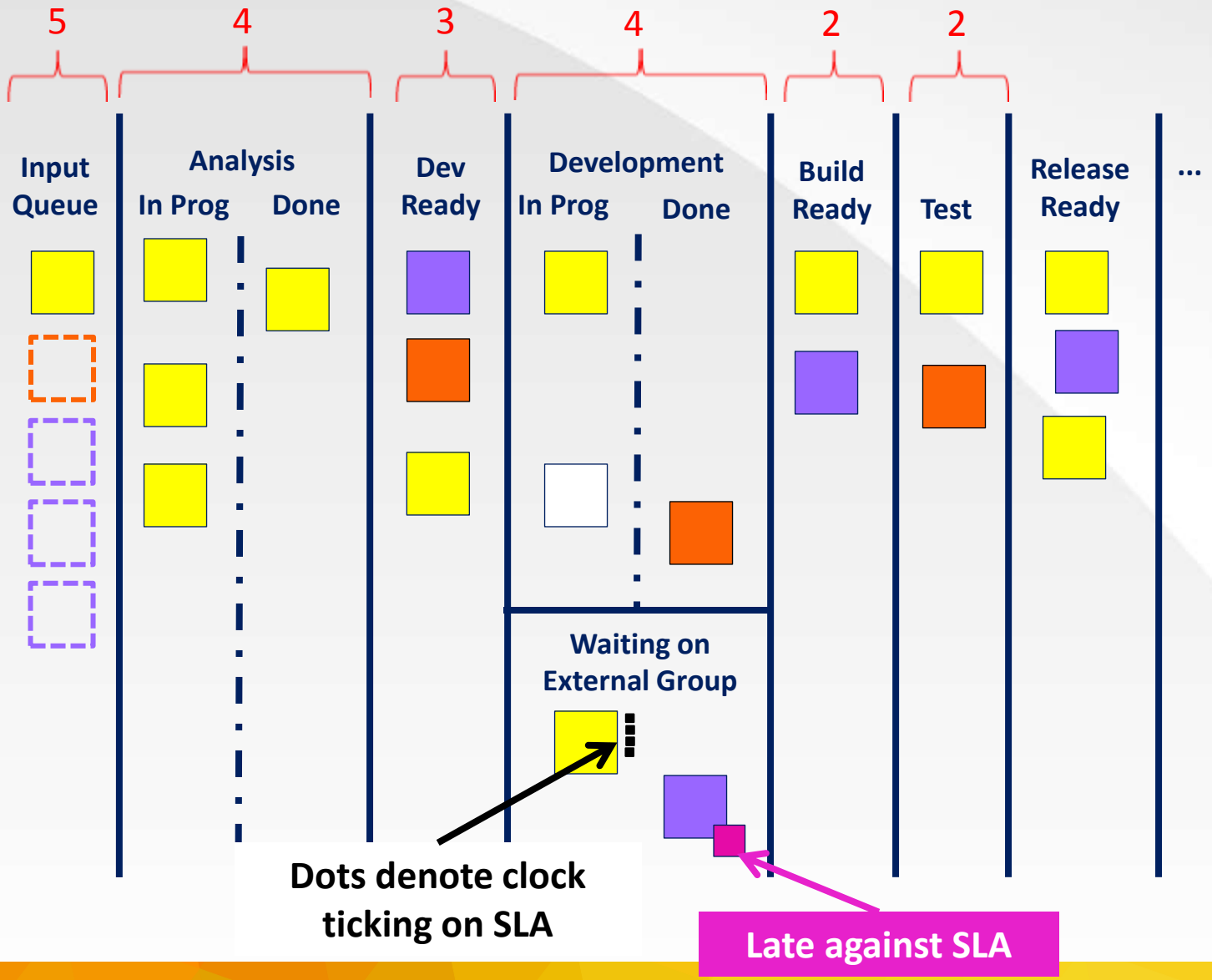
Buffer dependencies, agree SLAs



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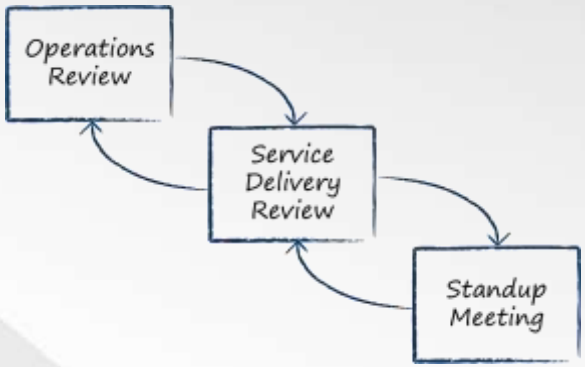
Operations Review



Monthly

Disciplined review of demand and capability for each kanban system

Provides system of systems view and understanding

System changes are suggested by attendees

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Risks, fitness criteria & classes of service should be explicit & transparent at all levels

Operations Review

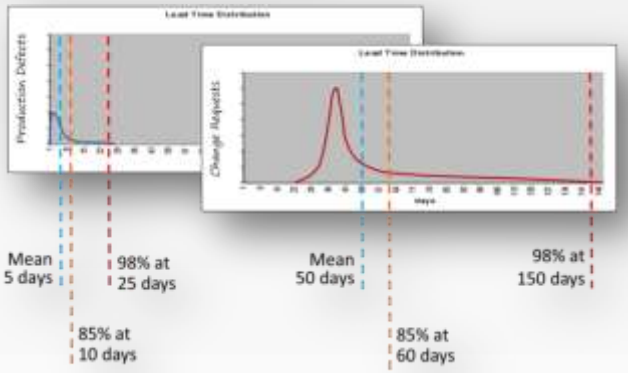
Lead time
Quality
Predictability

monthly

Service Delivery Review

Lead time
Quality
Predictability

weekly



Standup Meeting

Lead time
Quality
Predictability

daily

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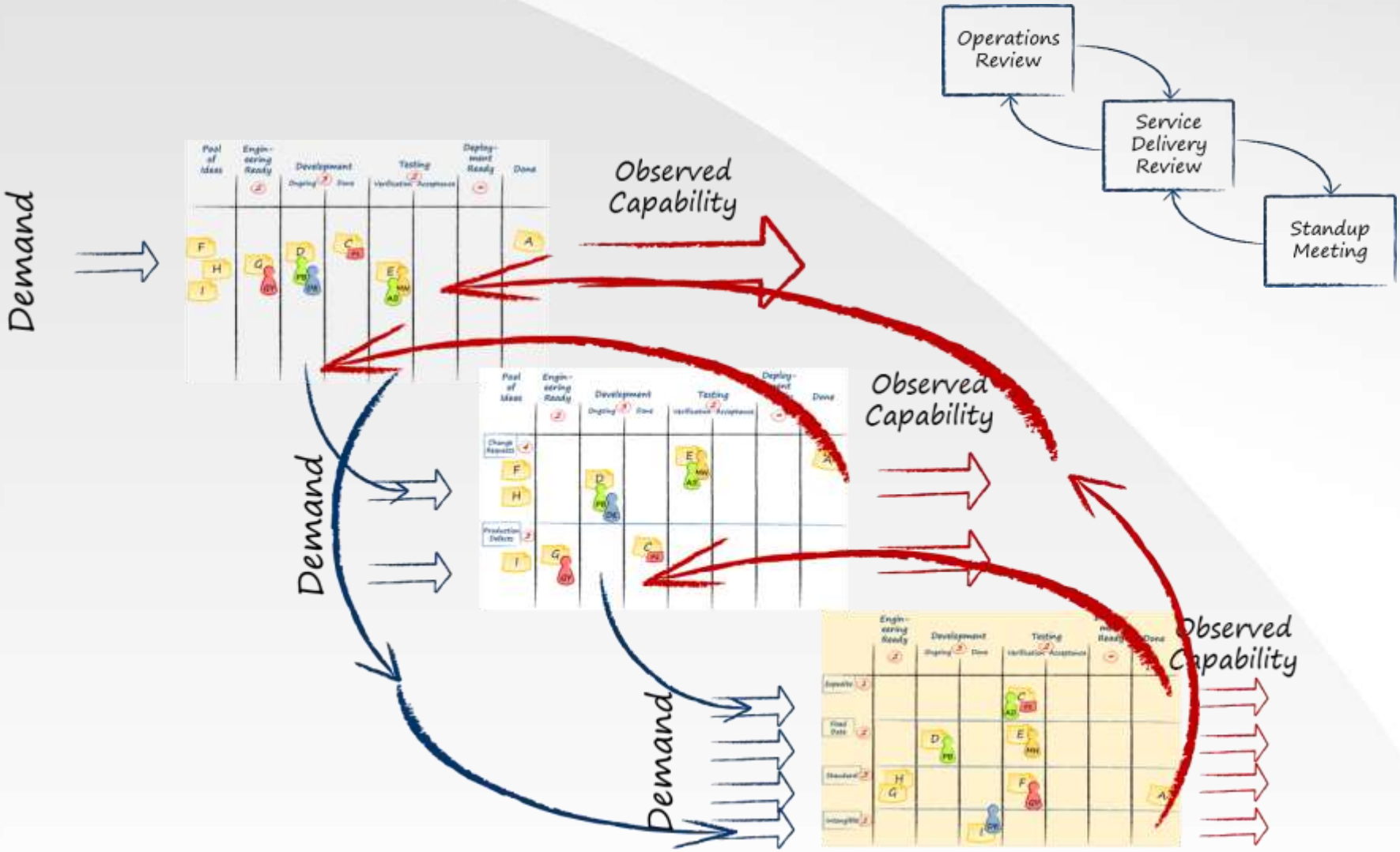
Organizational Improvements Emerge



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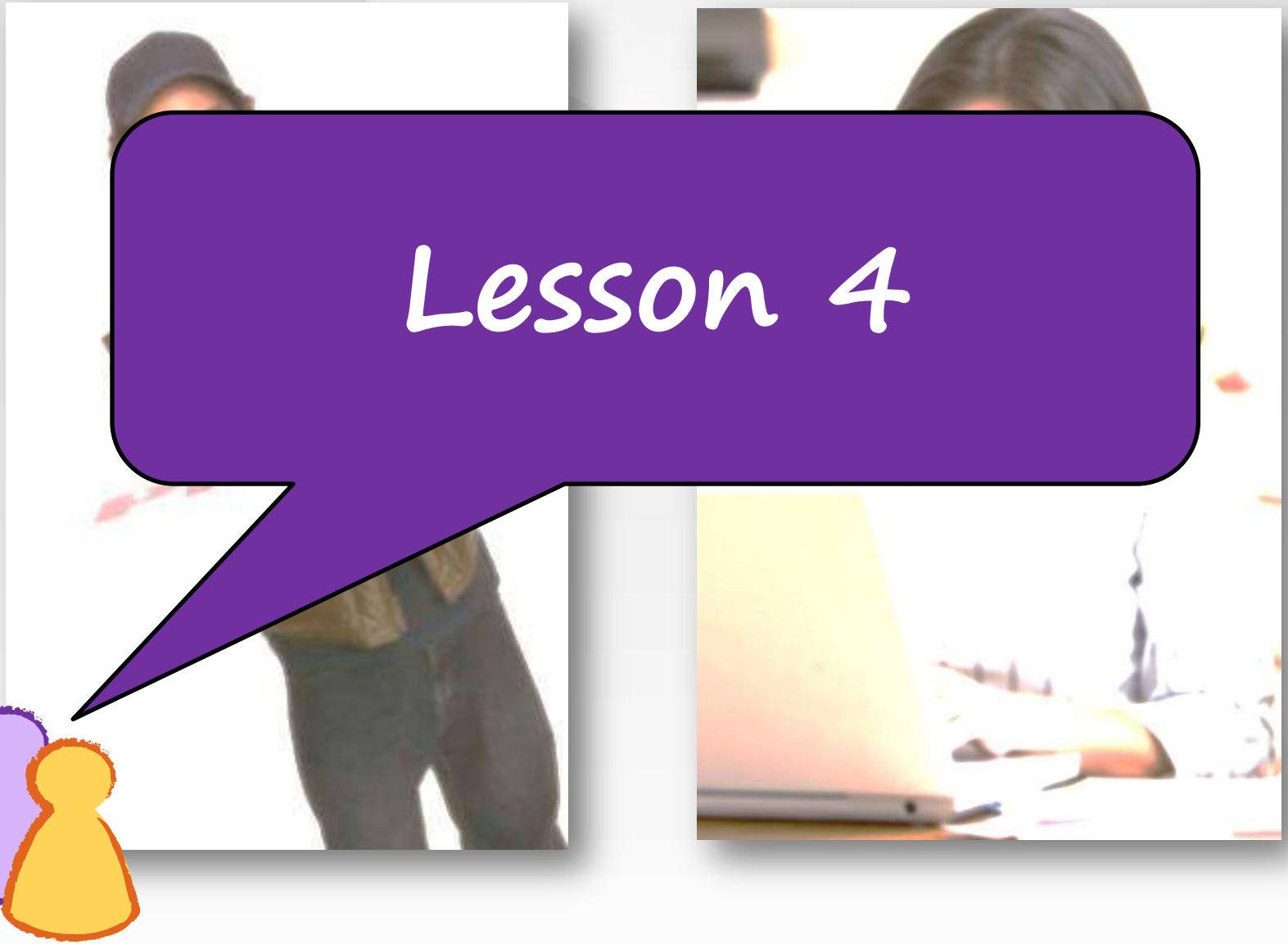

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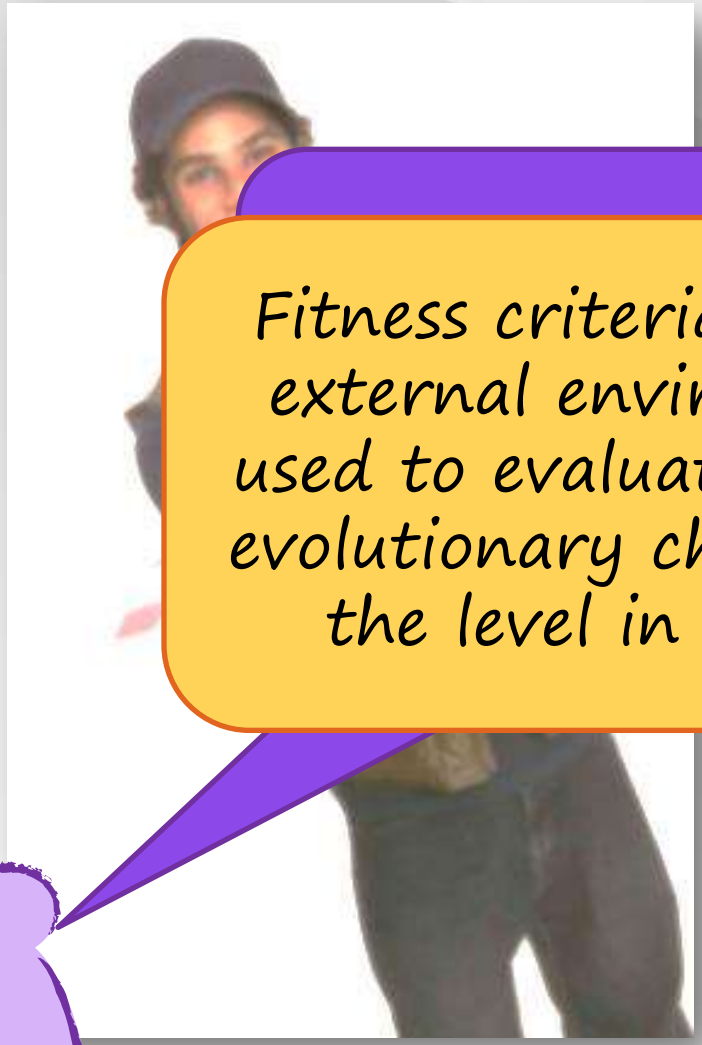

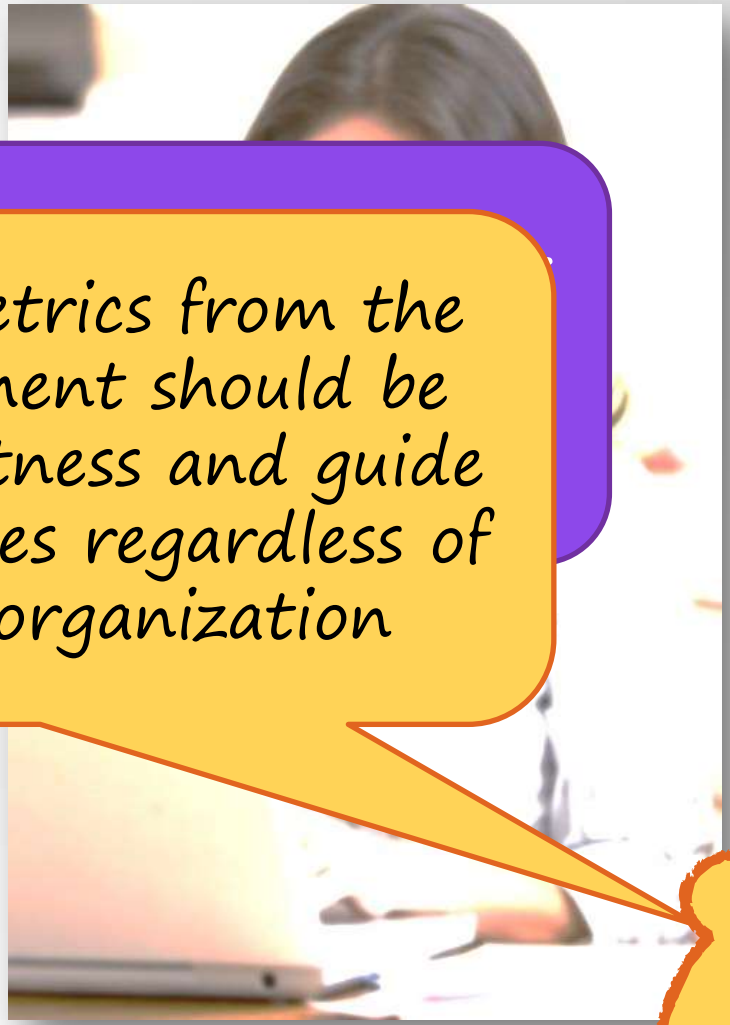

Fitness criteria metrics from the external environment should be used to evaluate fitness and guide evolutionary changes regardless of the level in the organization

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Discovery Kanban helps us
“to do the right things”

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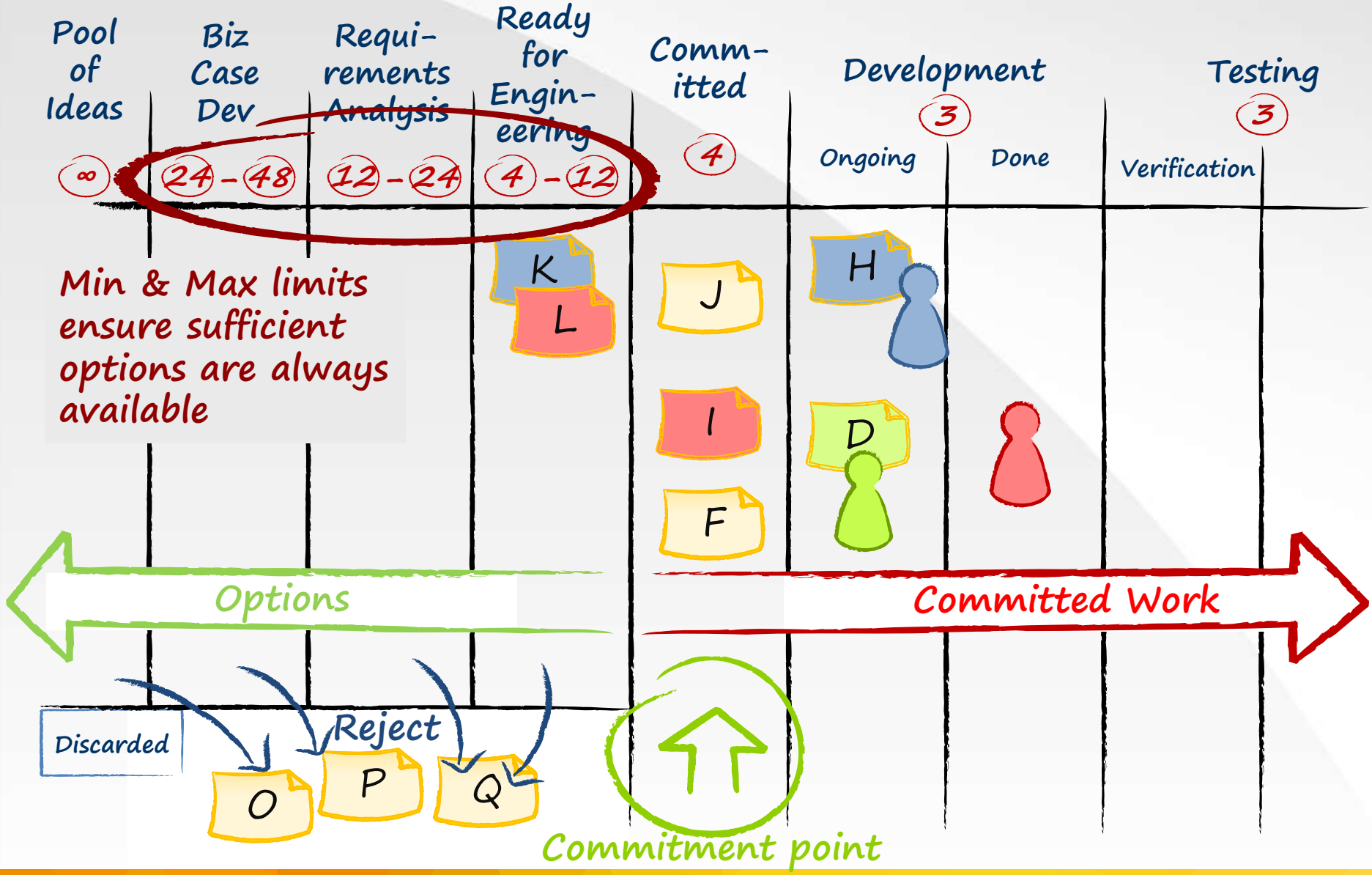
Upstream Kanban Prepares Options



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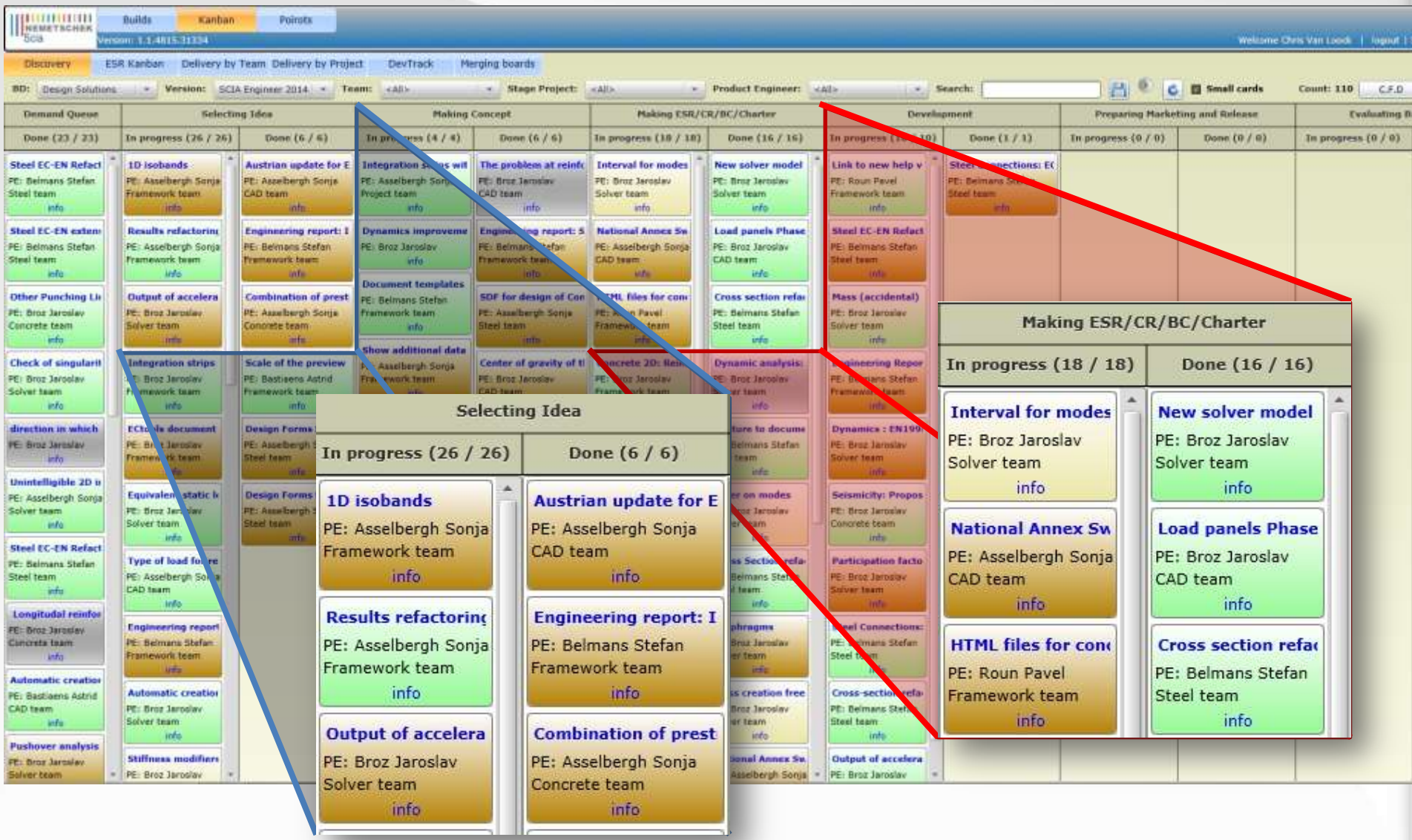
Discovery Kanban Board Example



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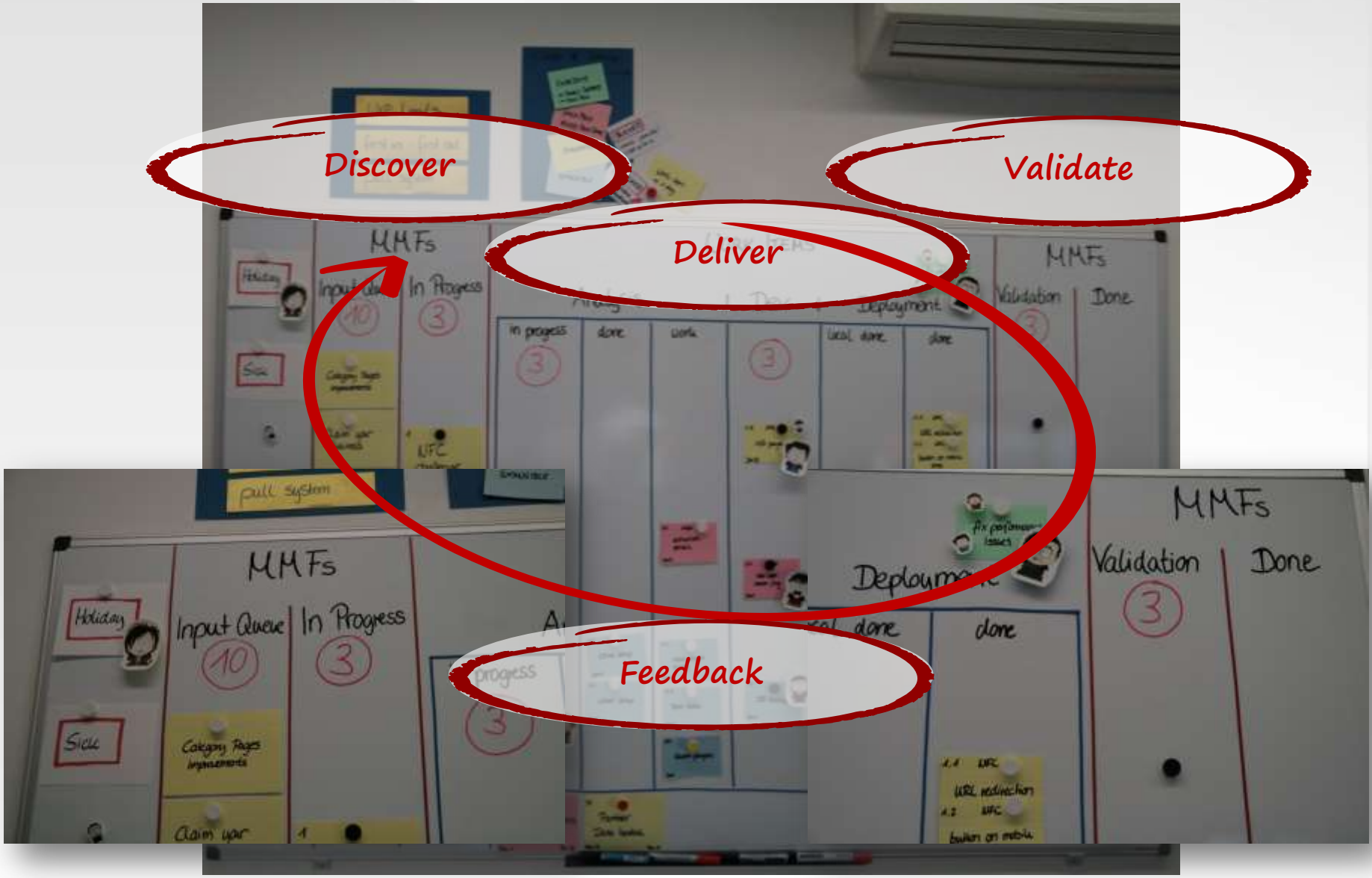
Lean Startup Integrated Board Example



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Business Risk Assessment Framework

Supplier Confidence,
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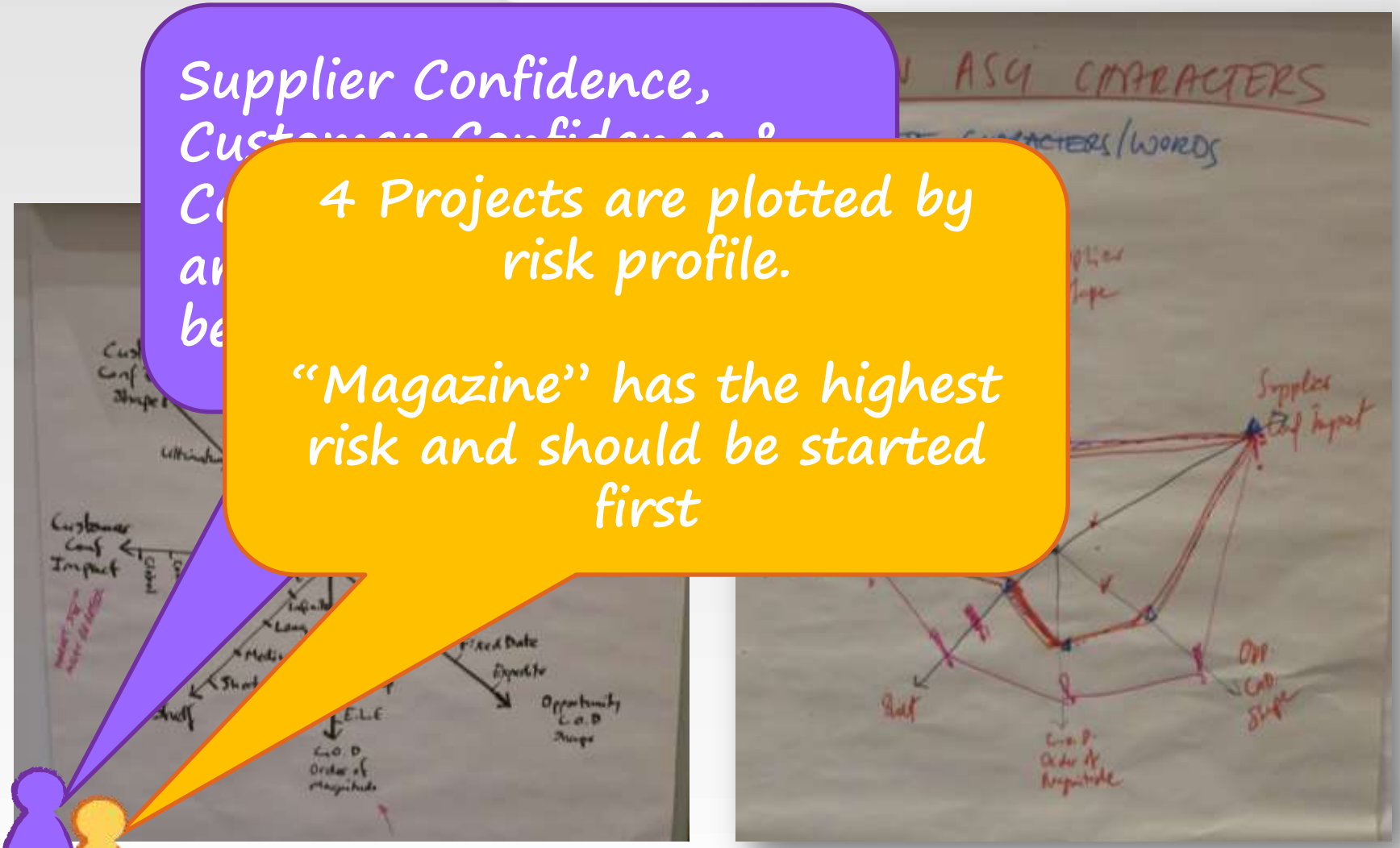
4 Projects are plotted by risk profile.

"Magazine" has the highest risk and should be started first



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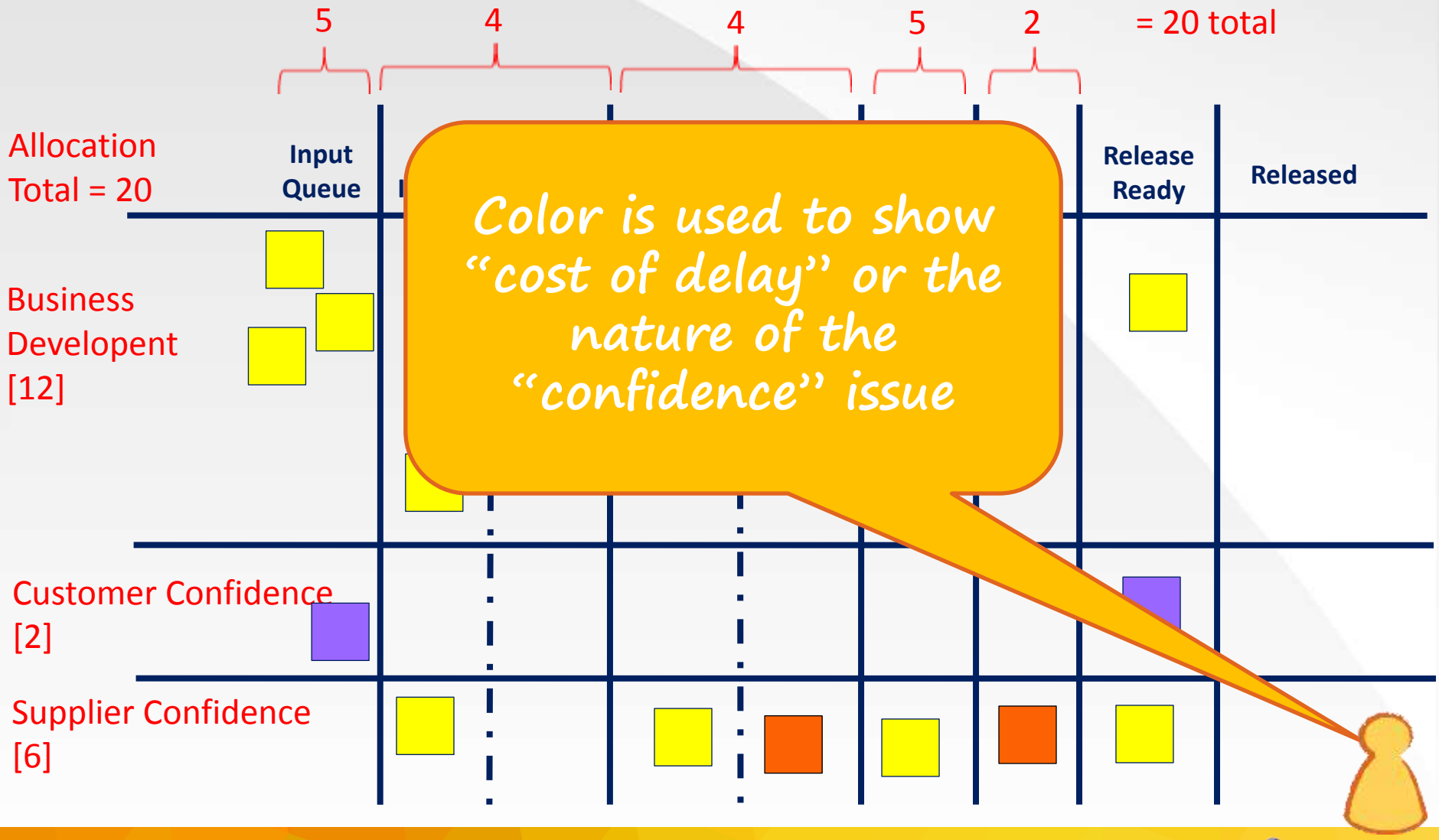
Shaping Demand with Capacity Allocation



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Defining Fitness Criteria

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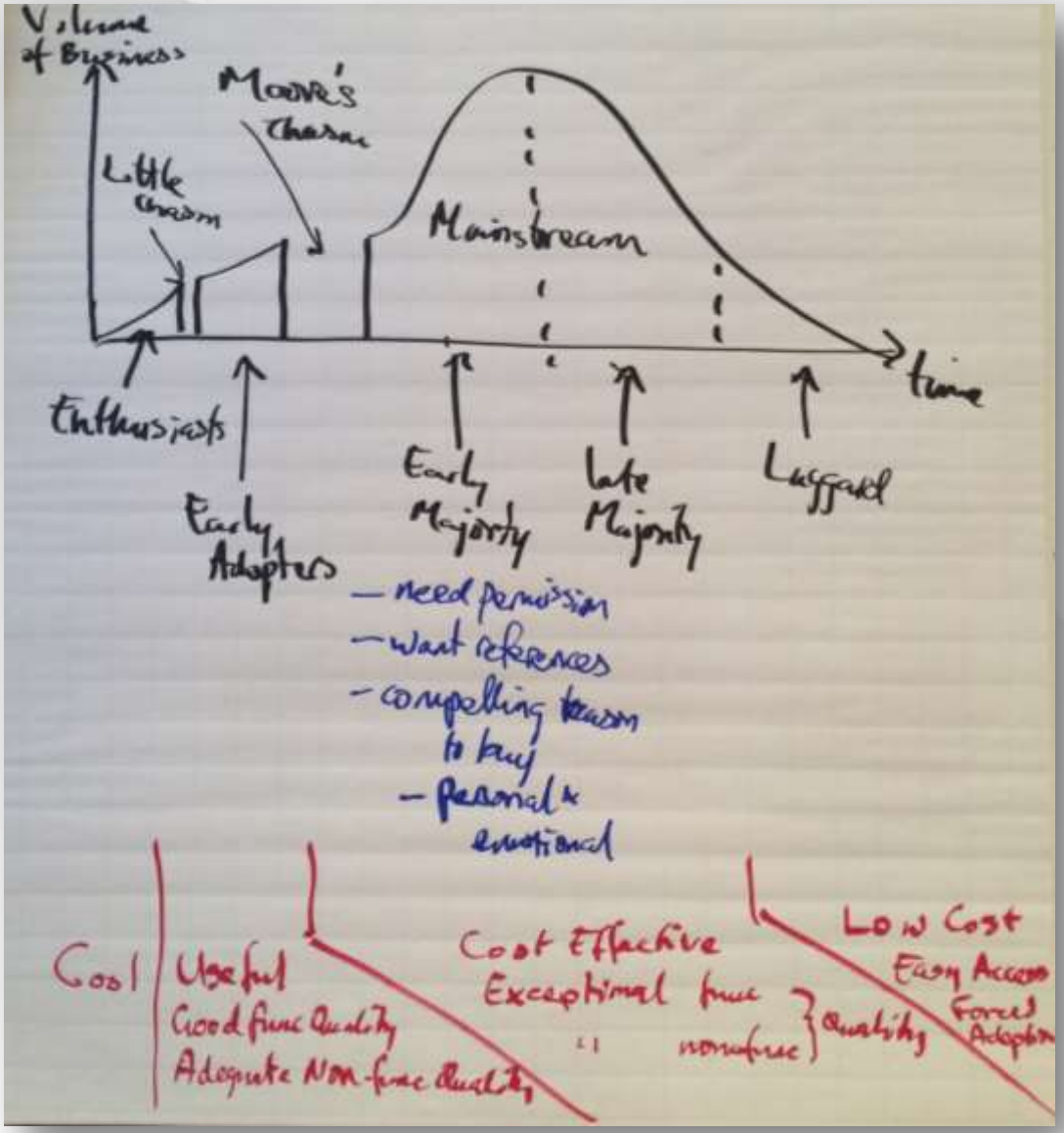
Market Adoption Lifecycle Segmentation



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Customer Storytelling & Clustering

Tell stories about real
cust
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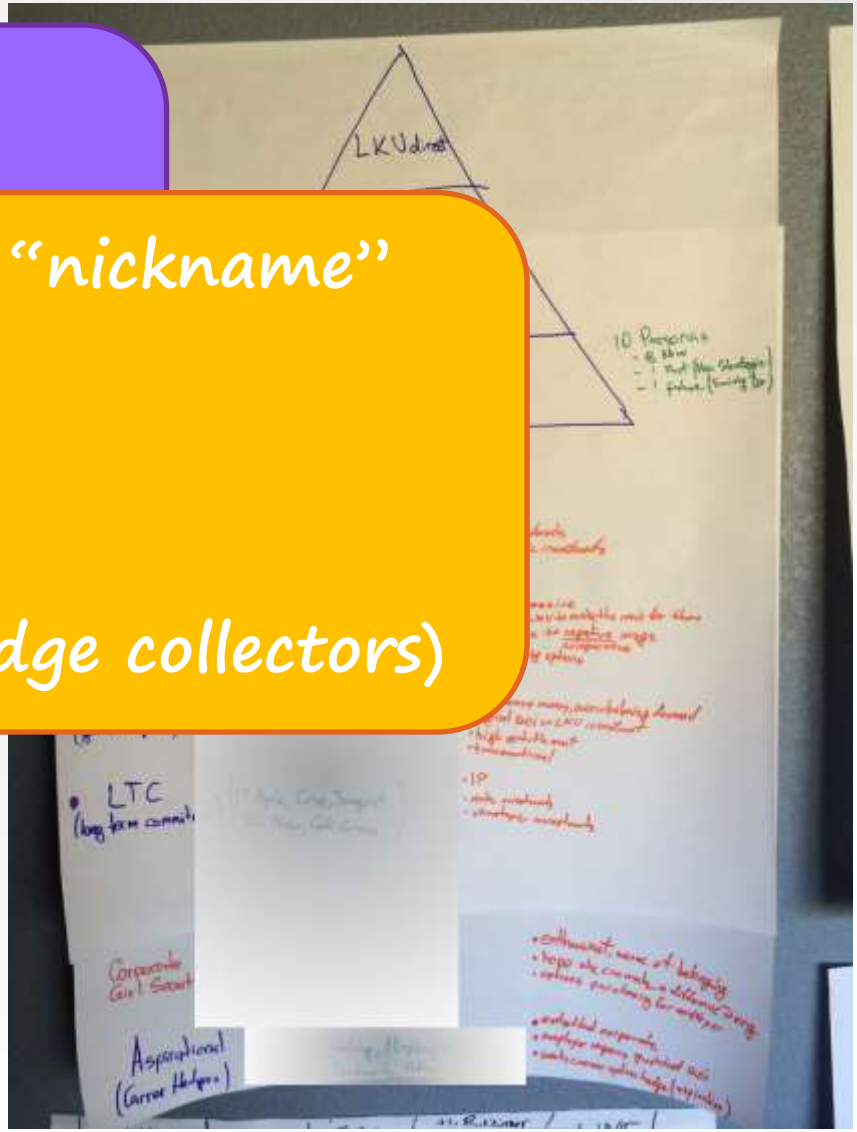
bu
si

Give each cluster a "nickname"
e.g.

- "All ins"
- "Aspirationals"
- "Bet hedgers"
- "Boy scouts" (badge collectors)



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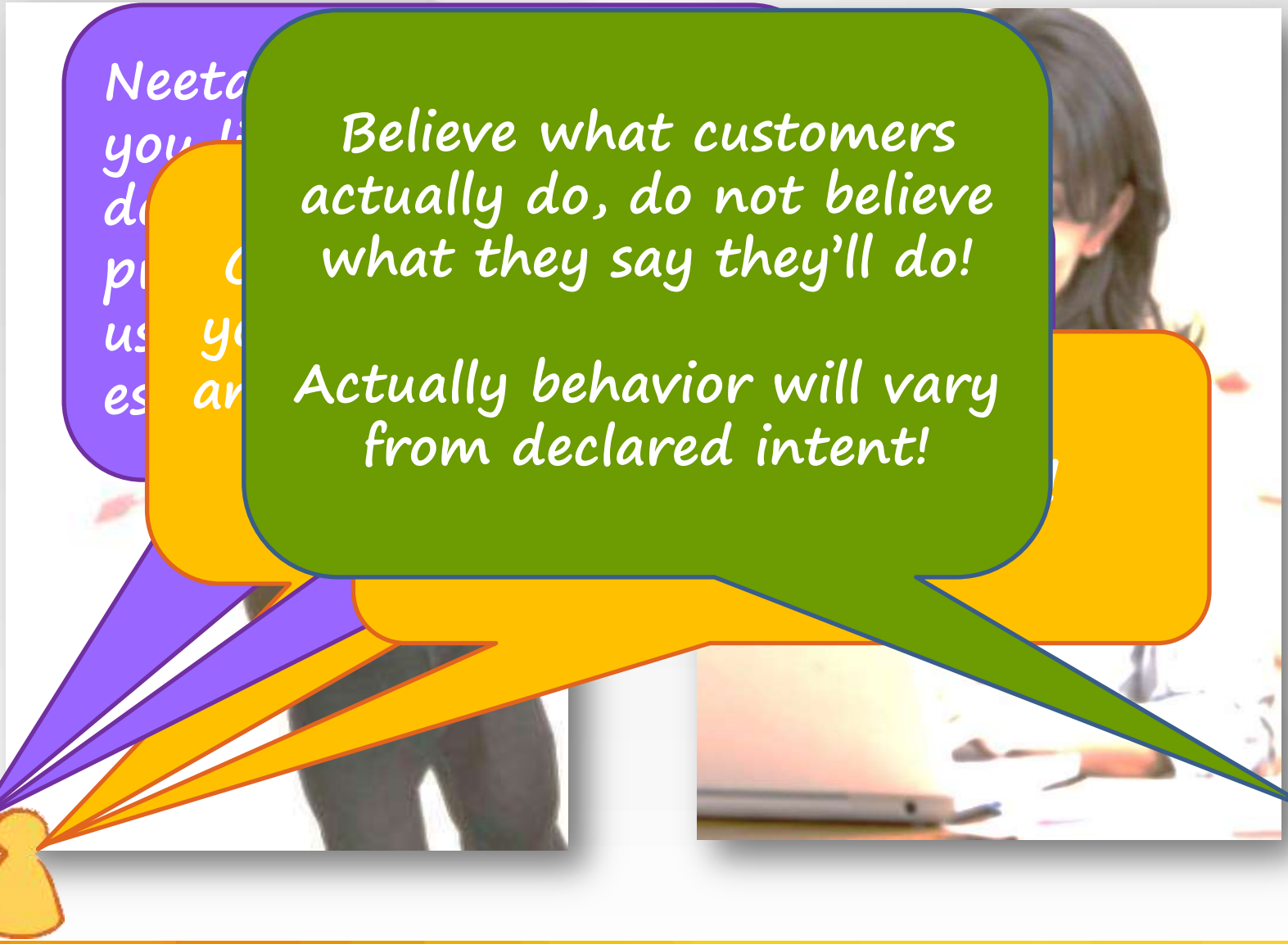
You can't just ask!



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Who knows your customers?

- Front line staff
  - Those who take and those who deliver orders
  - Those who provide “customer care”
  - Often the lowest paid staff in a business
  - Often the highest turnover, shortest tenured positions
  - And yet, they have the vital information that enables the business to survive, thrive and compete

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Pizza boy knows Neeta's Story!

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GT car manufacturer story

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Is it "safe to fail"?

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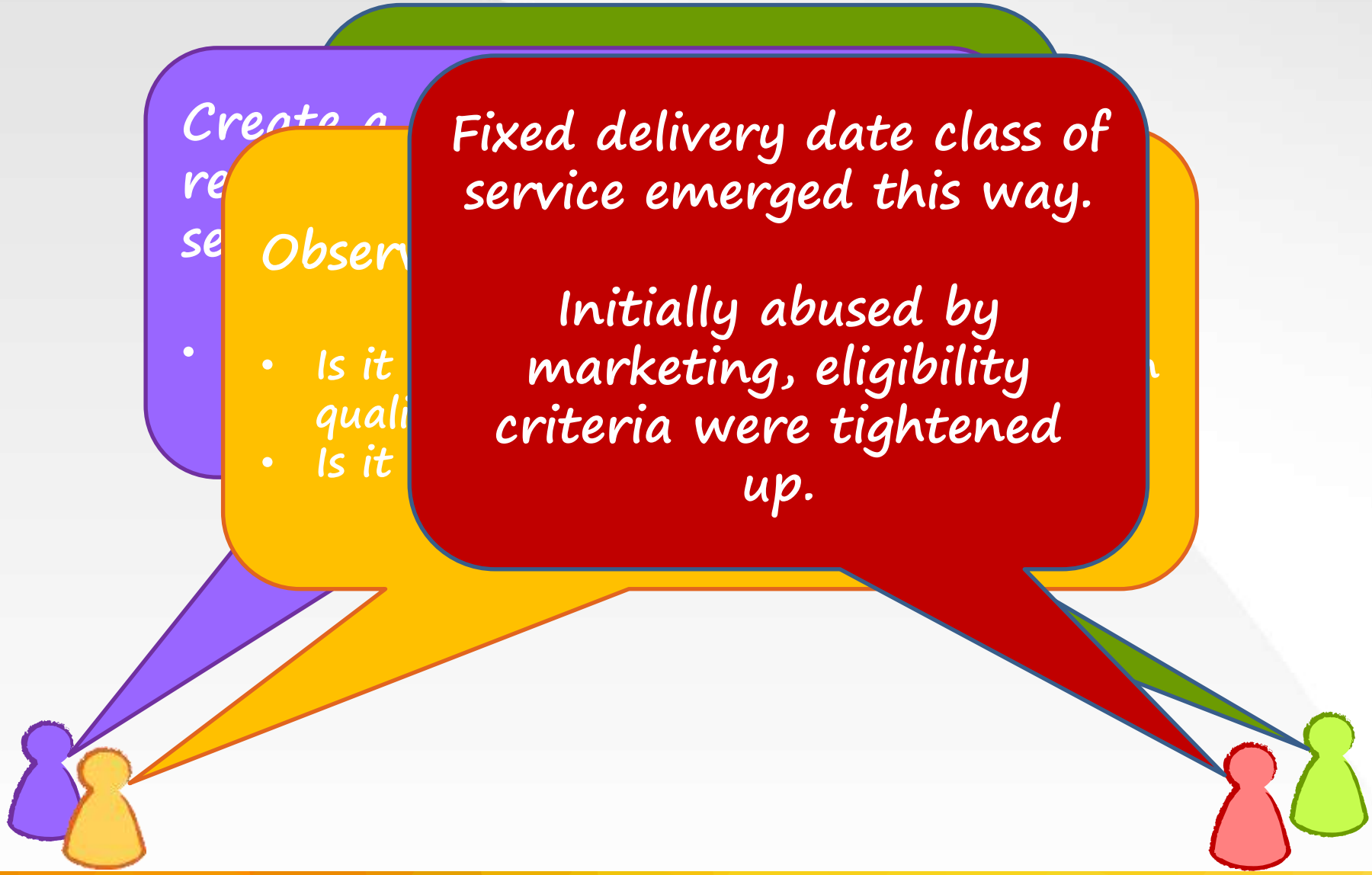
Probe with classes of service



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Telecom Equipment Example

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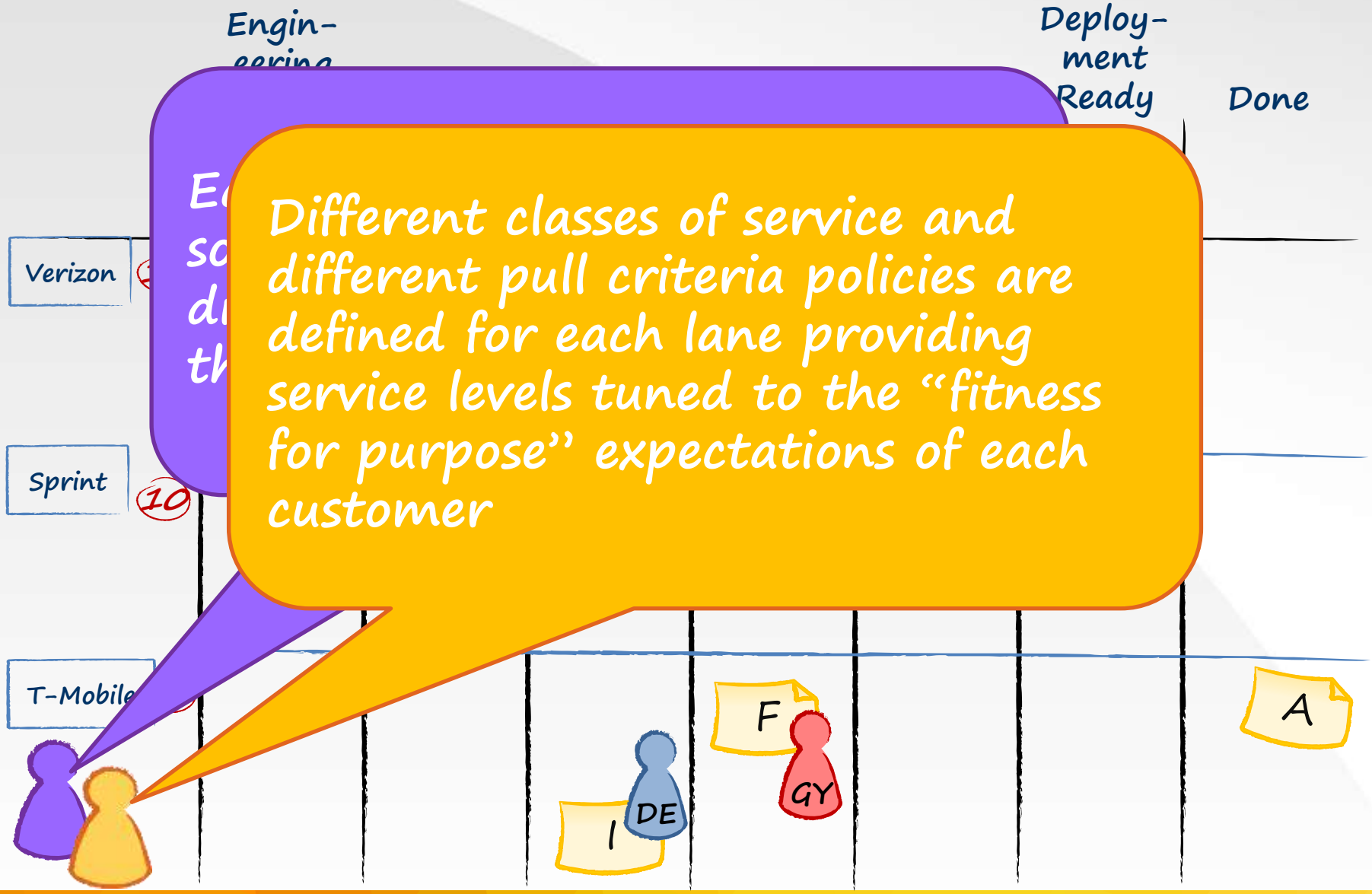
Different lanes, different risks



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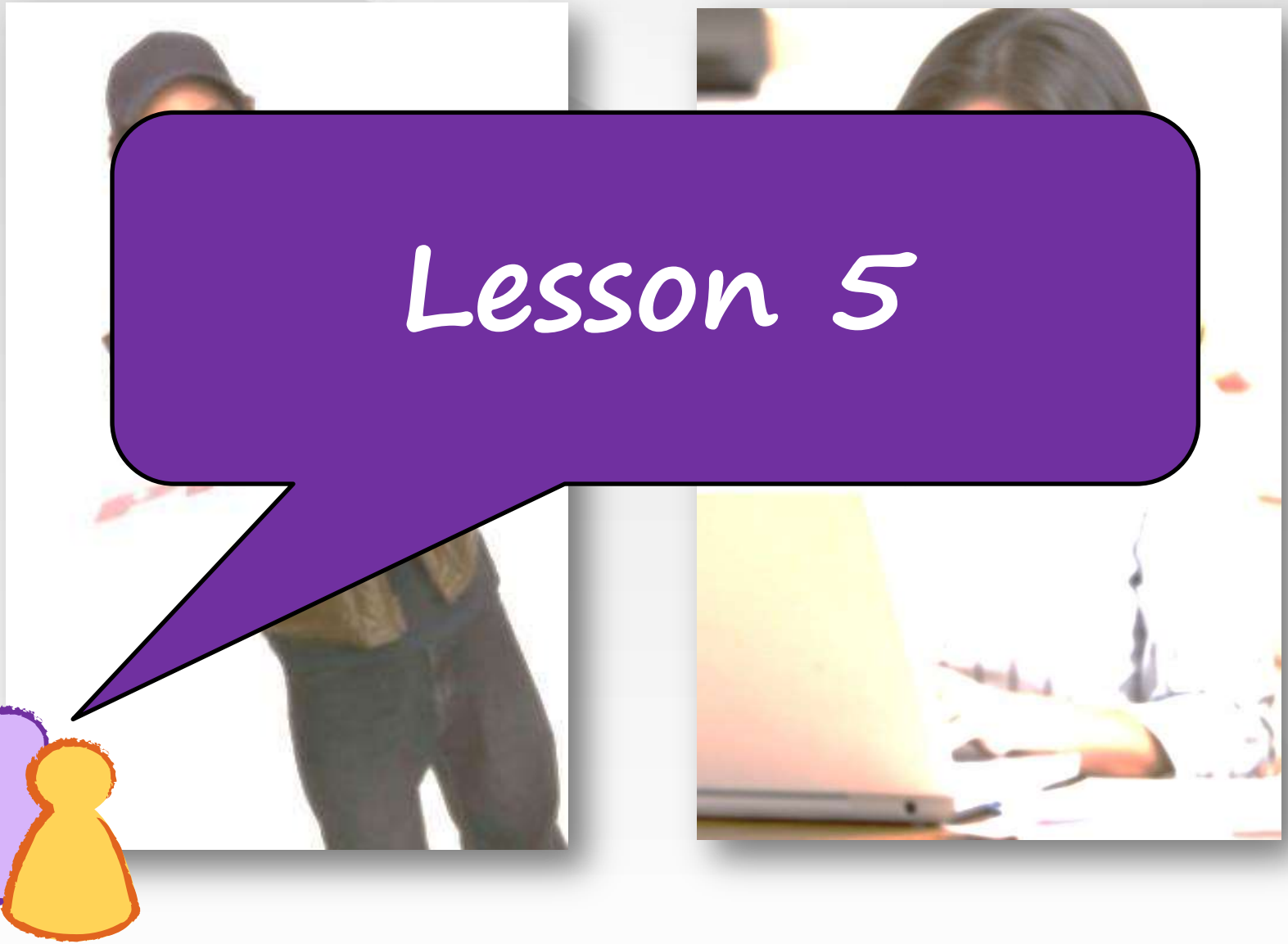

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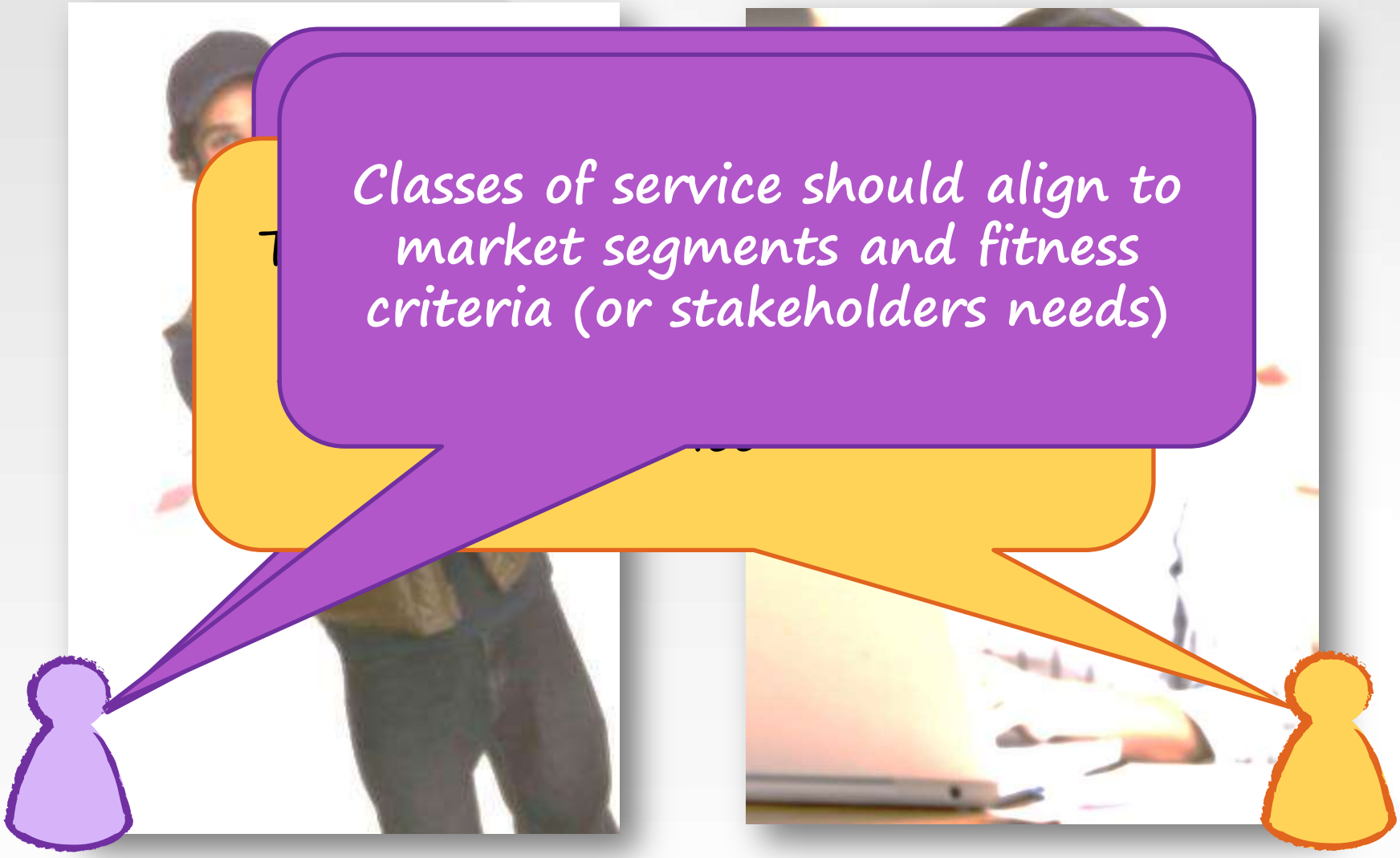

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Sensing Changes in Market Conditions

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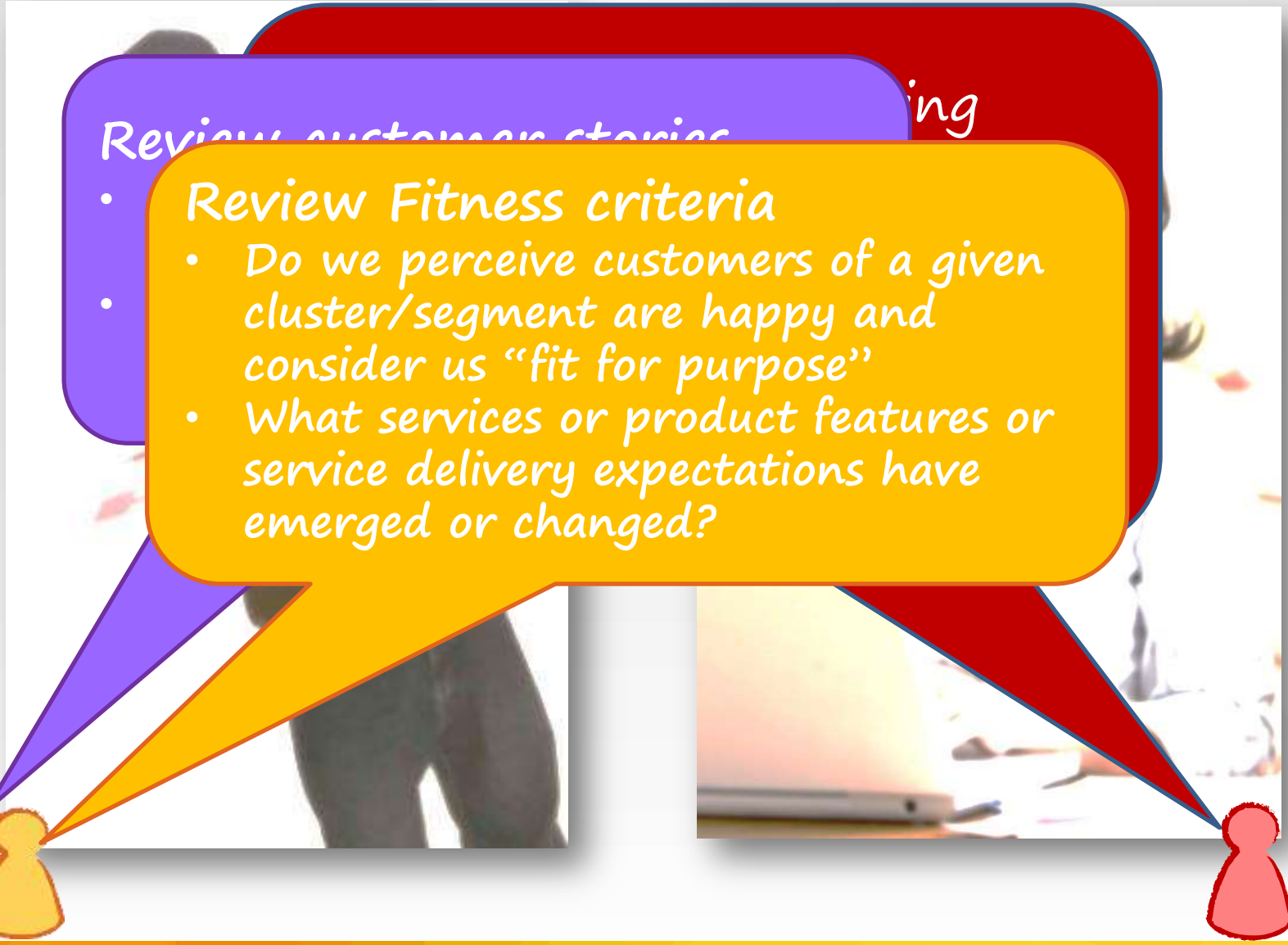
“Fitness For Purpose” Review



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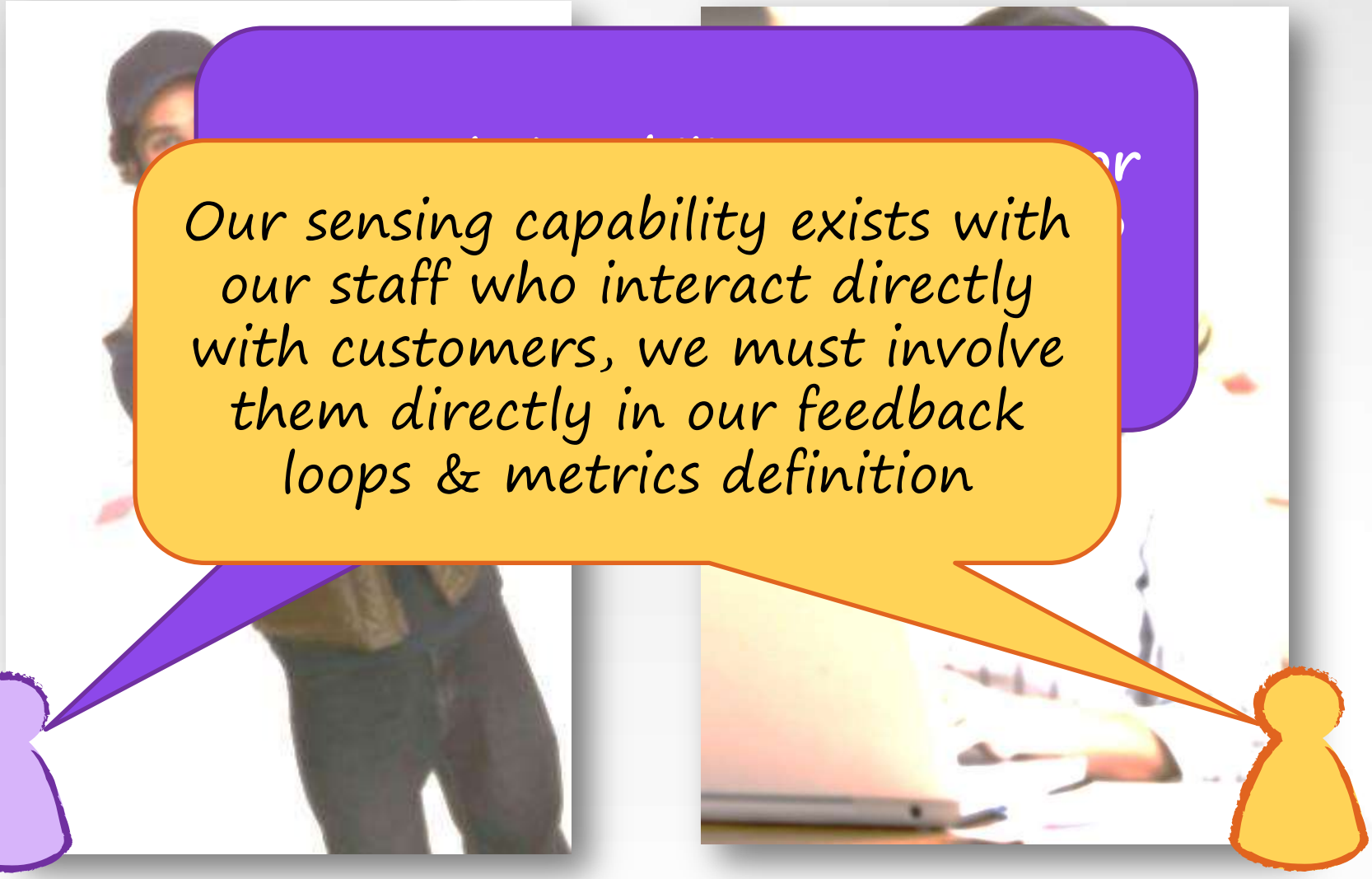

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Conclusions

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1. “Fitness for Purpose” has both a product component & a service delivery component
2. Market segmentation should be done based on unique fitness criteria metrics
3. Service delivery agility can be measured as commitment frequency, lead time, and delivery frequency

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4. Adaptation requires feedback loops & these should be driven by evaluation against fitness criteria metrics
5. To be confident you are “fit for purpose” you must offer a selection of classes of service aligned against fitness criteria metrics
6. Without a capability to “sense” our ability to “respond” may be inappropriate. We need a “sensing” feedback loop involving customer facing personnel

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About

David Anderson is an innovator in the management of 21st Century businesses that employ creative people who "think for a living" . He leads a training, consulting, publishing and event planning business dedicated to developing, promoting and implementing new management thinking & methods...

He has 30 years experience in the high technology industry starting with computer games in the early 1980's. He has led software organizations delivering superior productivity and quality using innovative methods at large companies such as Sprint and Motorola.

David defined the **Modern Management Framework** and originated **Kanban Method** an adaptive approach to improved service delivery. His latest book, published in June 2012, is, **Lessons in Agile Management** – *On the Road to Kanban.*

David is Chairman of **Lean Kanban Inc.**, a business operating globally, dedicated to providing quality training & events to bring Kanban and Modern Management ideas to those who must "think for a living."

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Acknowledgements

Customer storytelling and segmentation by clustering stories will be recognized by some as a form of **Dave Snowden's** Sense Making exercise.

"Safe to fail" is an approach to experimental, evolutionary adaptation to a complex and changing environment, also advocated by **Dave Snowden.**

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