



LeanKanban
UNIVERSITY

Presents

Fit For Purpose

resilience & agility in modern business

Presenter
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**Modern Management
Methods
Moscow**

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Why did you come here, today?

*Are you looking for a
new & better way to
manage your business?*



So you want to make some changes?



How can you tell if a change is an improvement?

How will you make it stick?

Can you afford it?

*How do you guarantee
the best ROI for your
efforts?*



Are you really so clever and so brave?

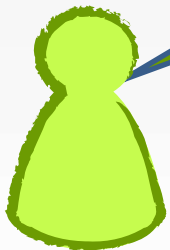
But... if you do nothing, your business may wither and fade into insignificance!

Is this acceptable to you?



Don't try to have all the answers!

*Build a business that is
and will remain ...
“fit for purpose!”*



Understanding “fitness for purpose”

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)

Meet Neeta - a project manager

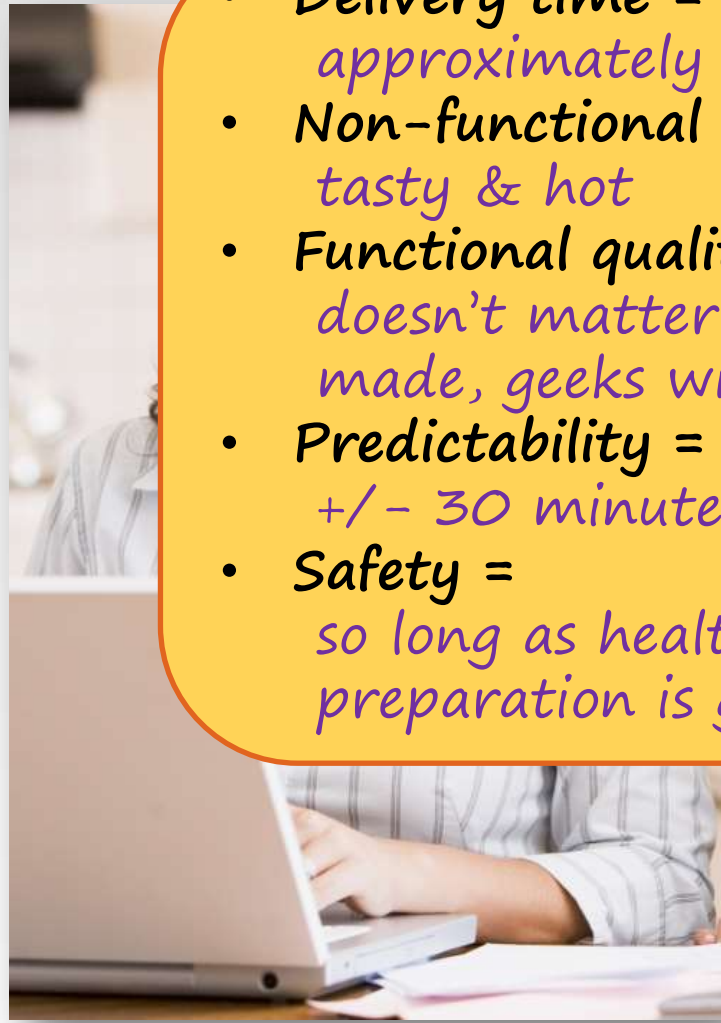
- **Delivery time** =
approximately 1 hour
- **Non-functional quality** =
tasty & hot
- **Functional quality (order accuracy)** =
doesn't matter if small mistakes are made, geeks will eat any flavor of pizza
- **Predictability** =
+/- 30 minutes is acceptable
- **Safety** =
so long as health & safety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

working

d them

her team

a delivery



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 1, 2, 3 & 4 years:



Lesson 1





We need to offer a selection of different recipes which are tasty & popular. However, we must also deliver with speed & predictability



Operational excellence and service delivery excellence are often overlooked or treated as inferior management skills



and...

“Doing things right!”



Sense and Respond!
Discover and Deliver!



while “(Service) Delivery Kanban”
& classes of service enable us
“to do things right”

Lesson 2





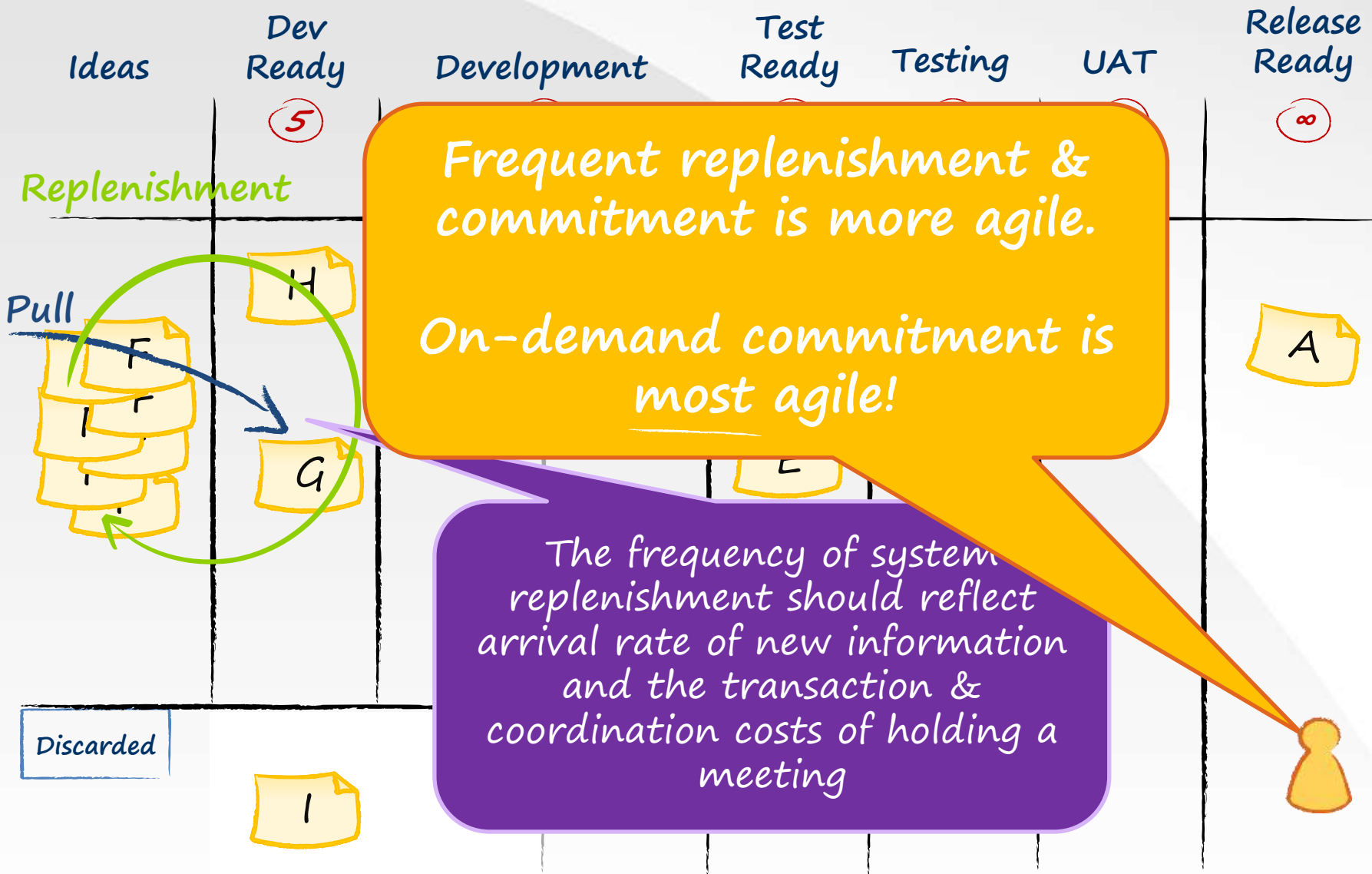
Traditional demographic &

*Nor, for that matter, do
personas. As Neeta represents
two segments not just one
persona*

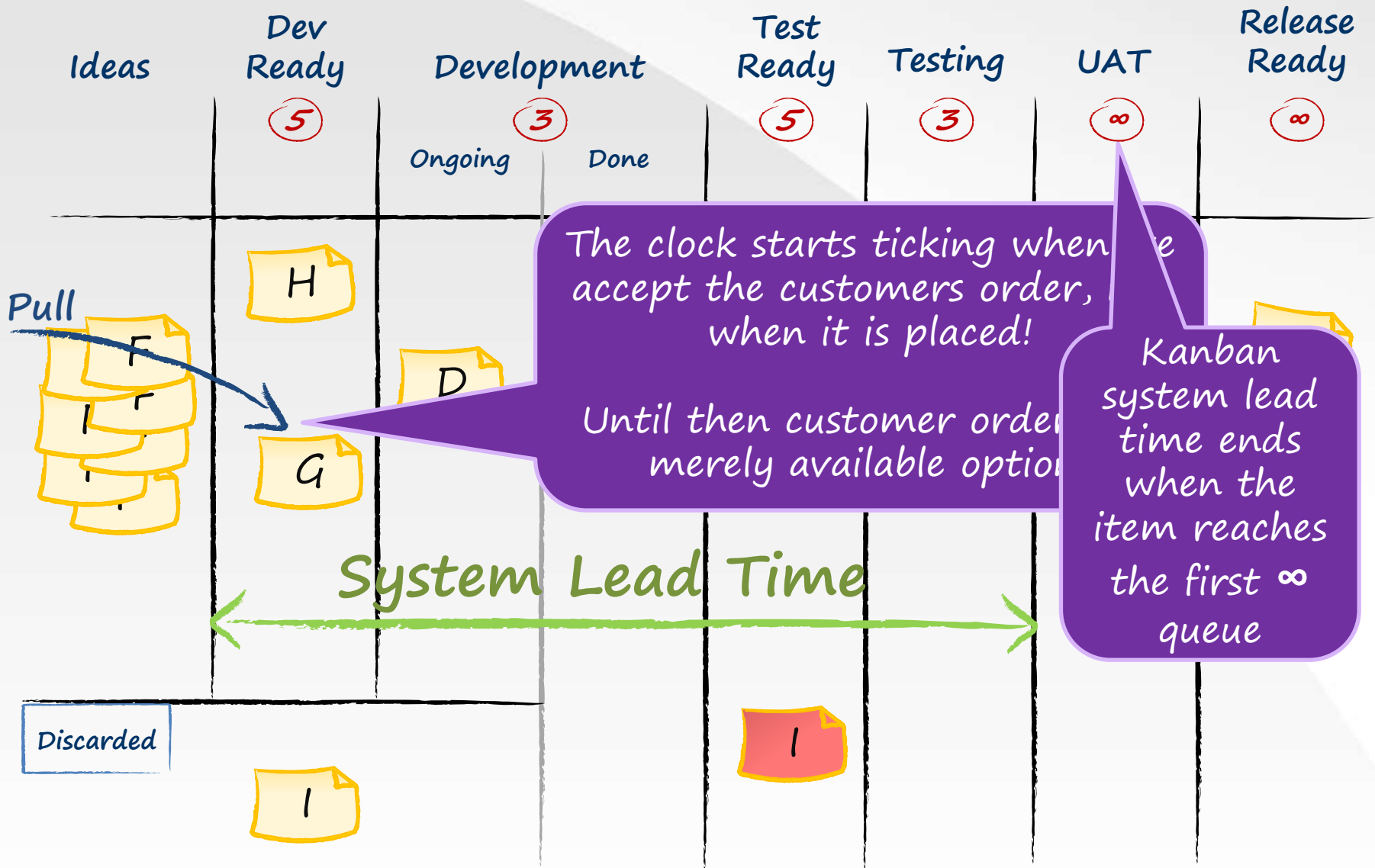


Service Delivery Kanban enables us
“to do things right”

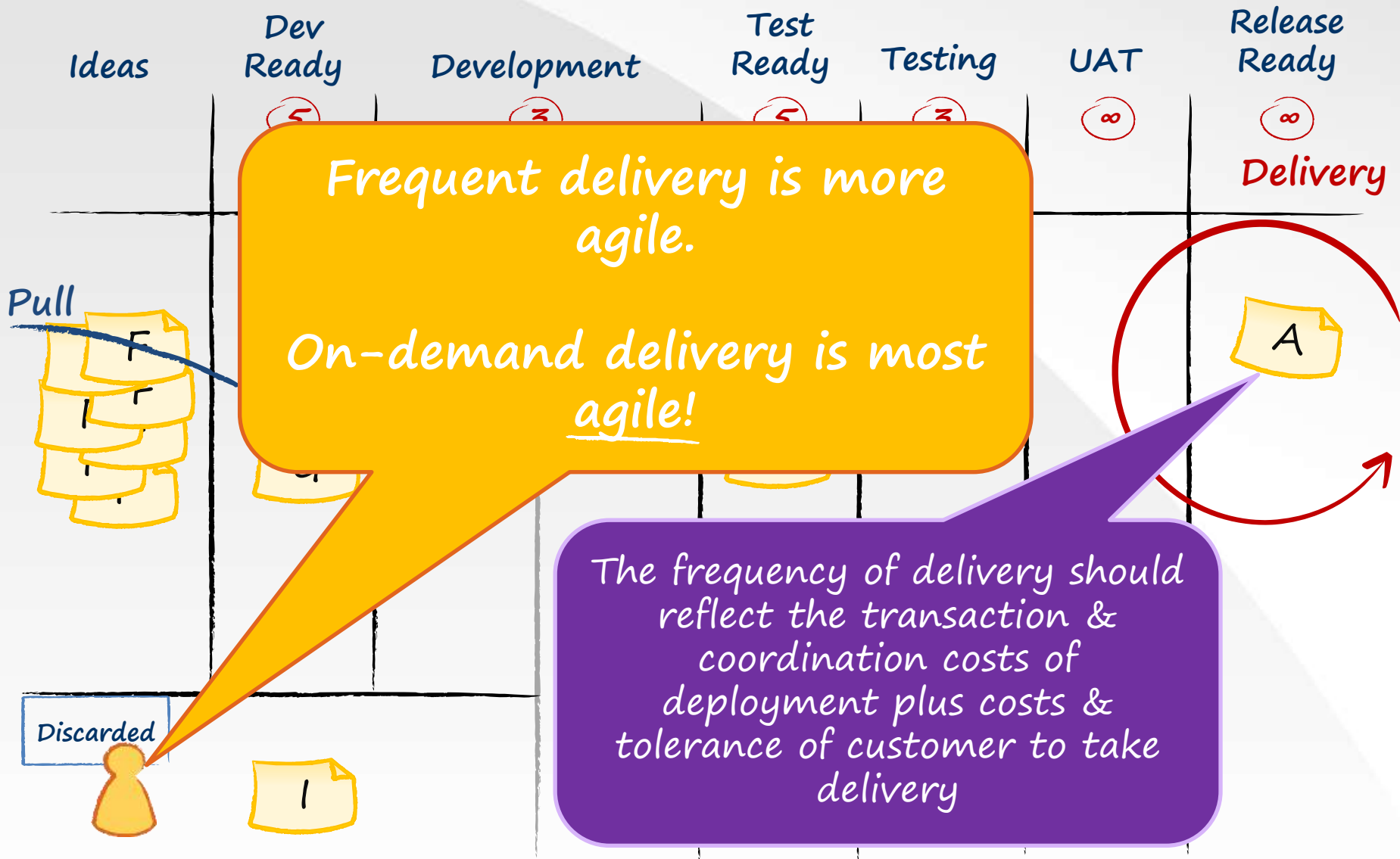
Commitment Frequency



Defining Kanban System Lead Time



Delivery Frequency



Lesson 3

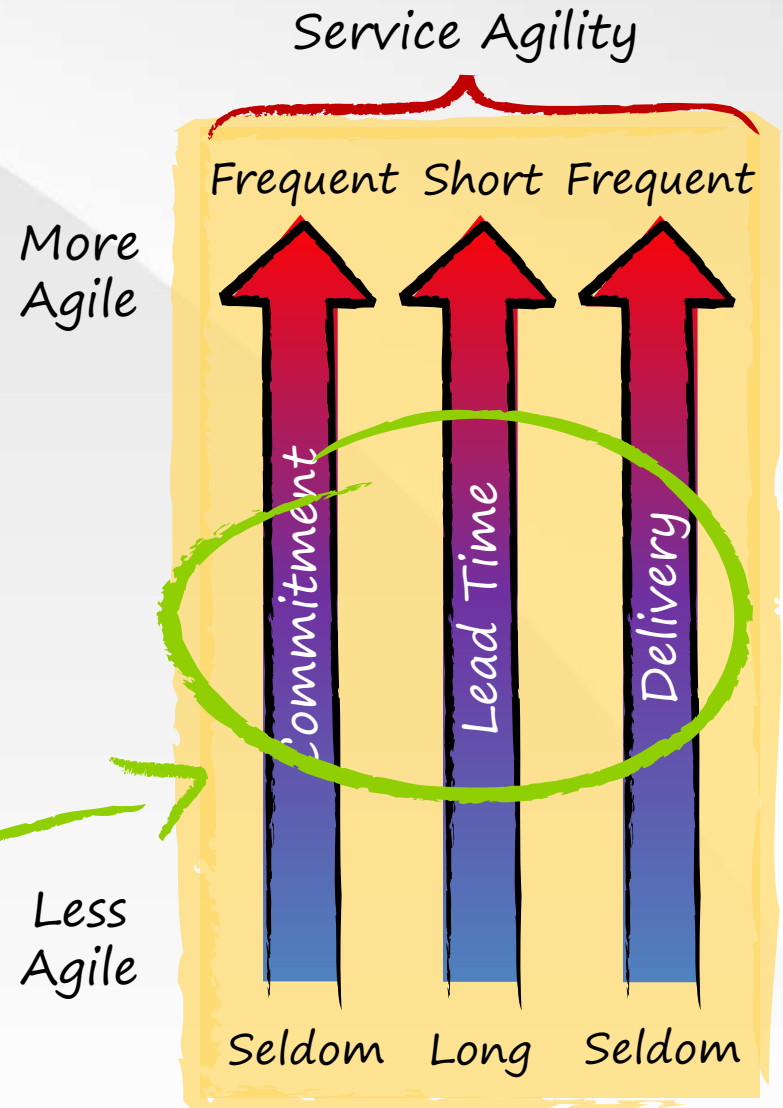


Service Delivery Agility

Service Agility

Commitment
frequency
Lead Time
Delivery
Frequency

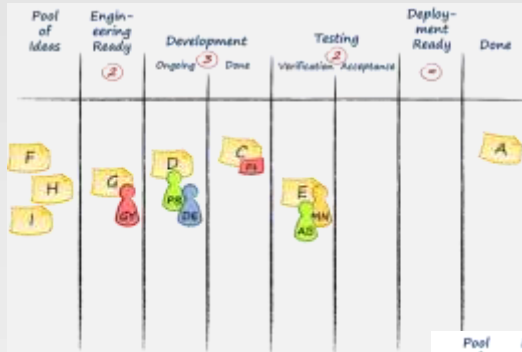
Kanban system dynamics



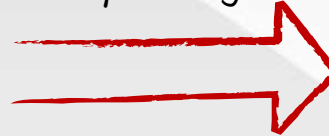
Adapting to deliver better service

Each service delivery workflow can have its own kanban system

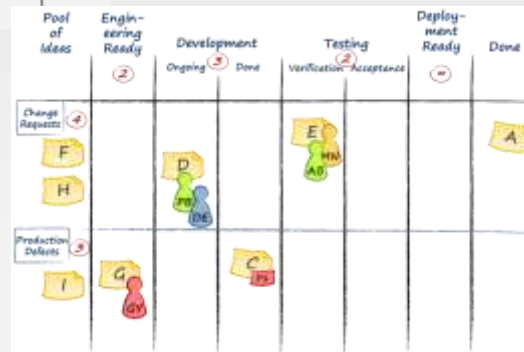
Demand



Observed Capability



Demand



Observed Capability



Demand

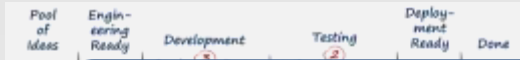


Observed Capability



Dependencies between systems create an ecosystem

Demand



Observed

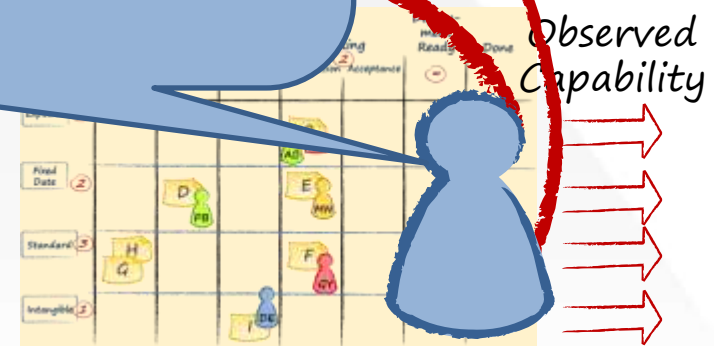
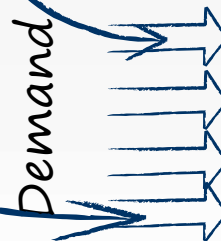
Looking downstream, you want the system to help you anticipate and

Combine the two, and across the organization you smooth flow end-to-end improving lead times and predictability

at the rate and



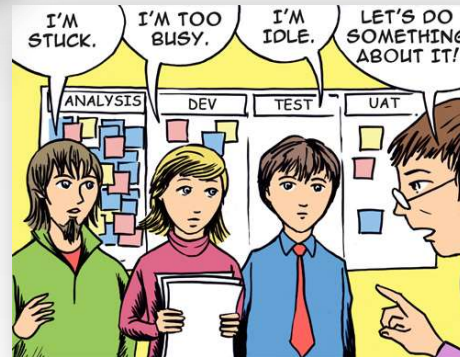
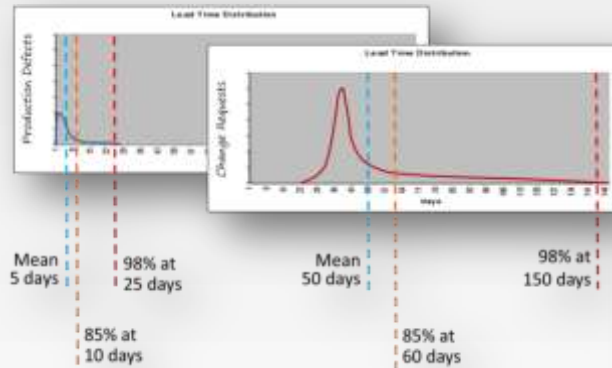
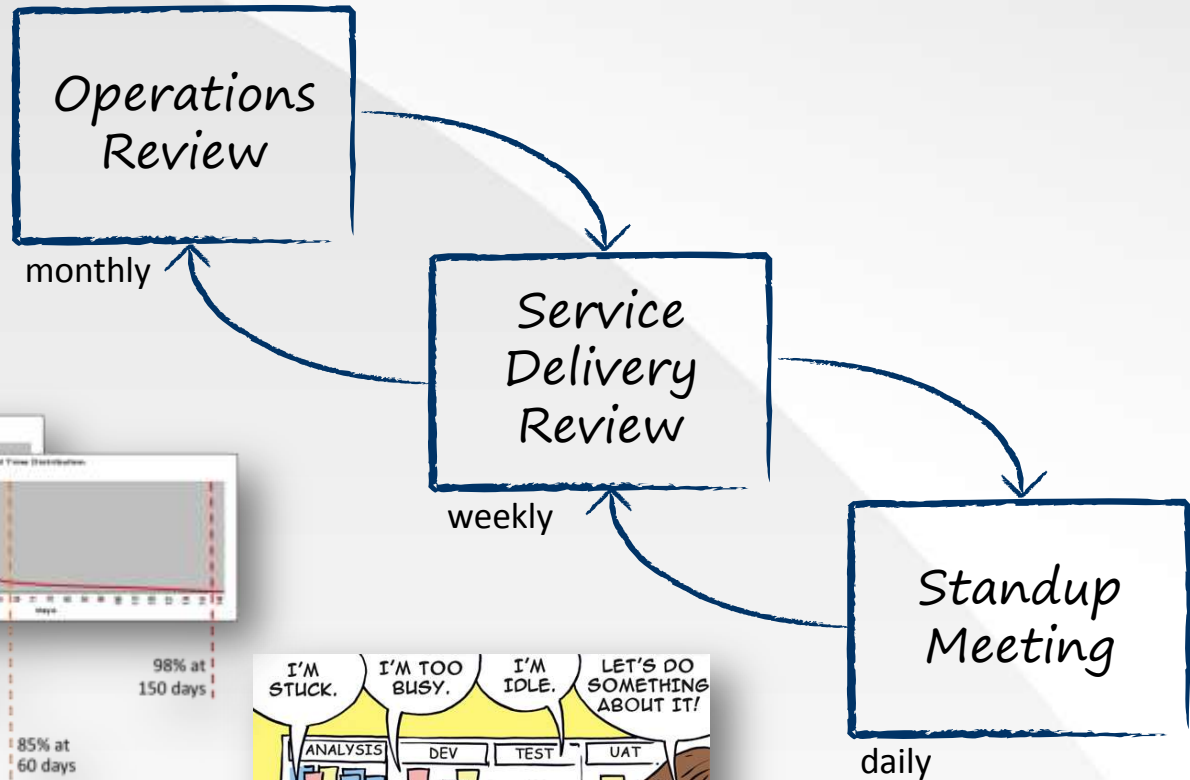
Demand



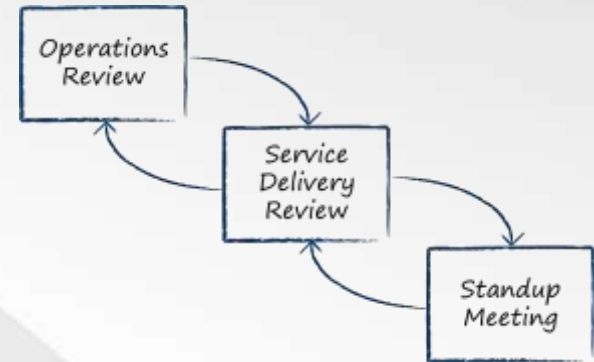
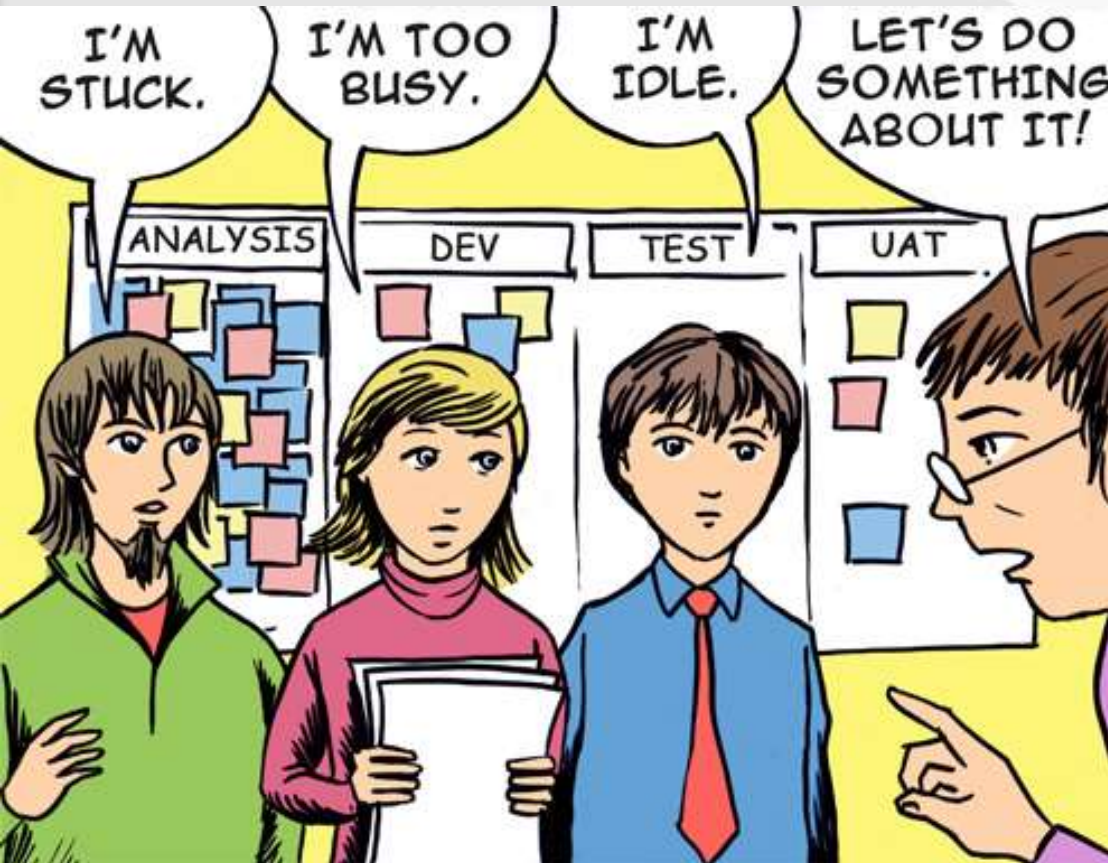
Observed Capability



Feedback is needed at 3 levels



Standup Meeting

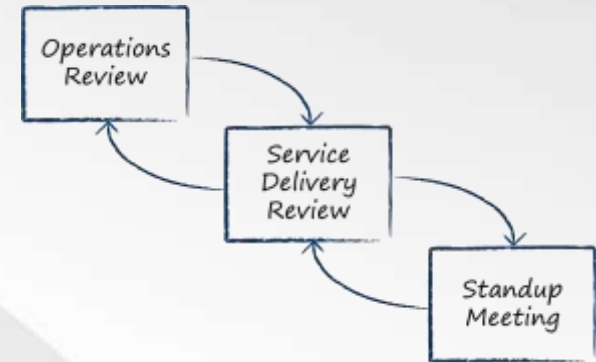
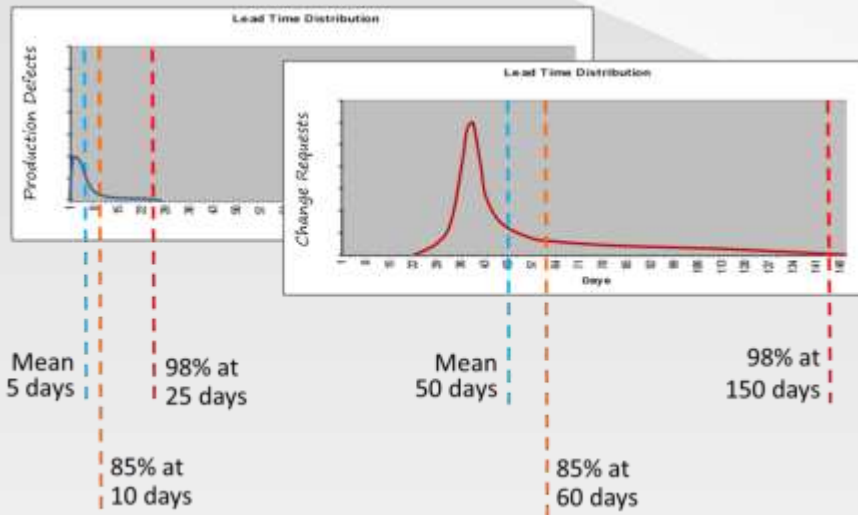


Daily

Disciplined conduct and acts of leadership lead to improvement opportunities

Problem solving & improvement discussions are taken outside the meeting

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

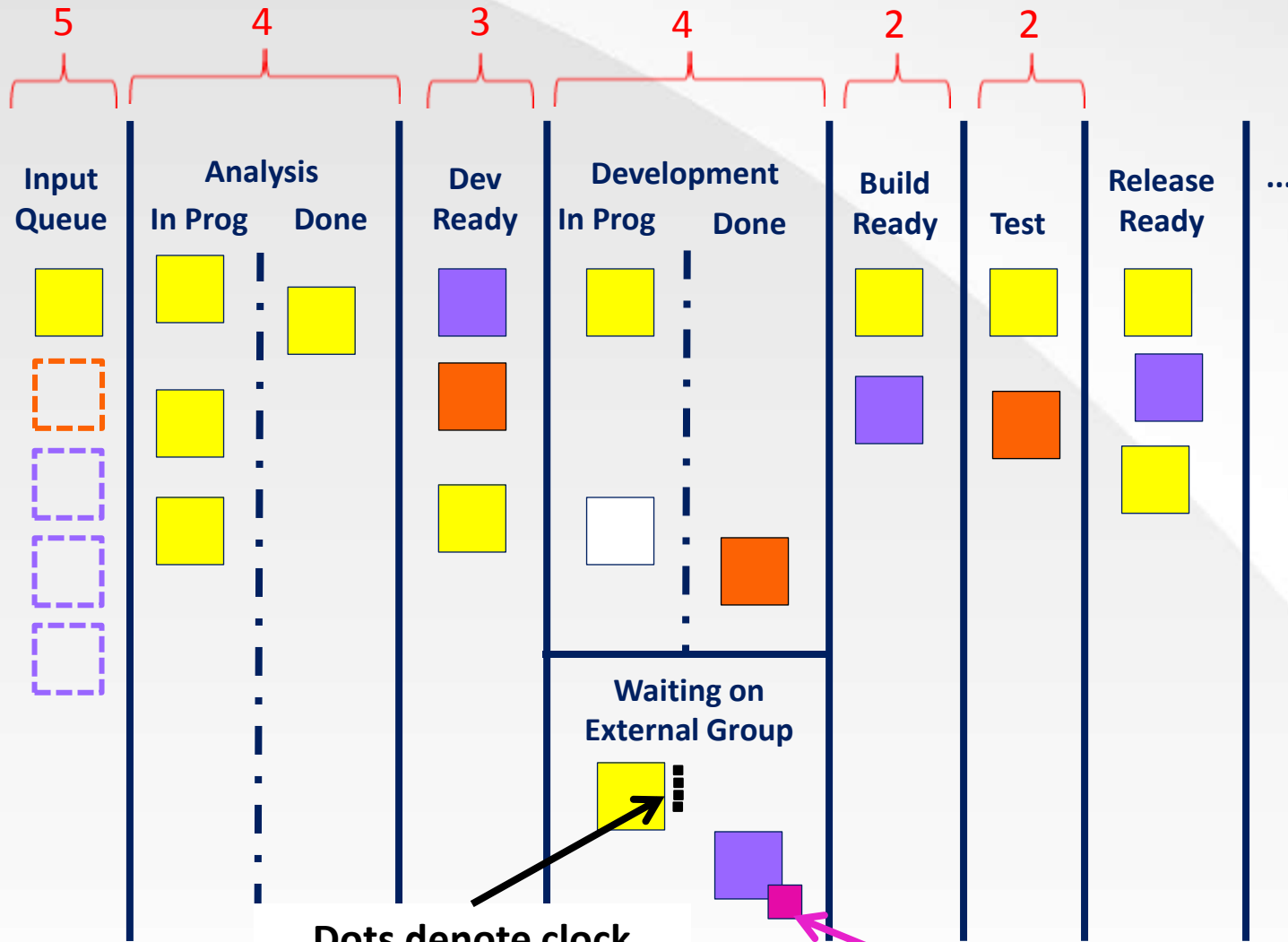
Review against fitness criteria metrics, e.g. current capability versus lead time SLA with 60 day, 85% on-time target

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

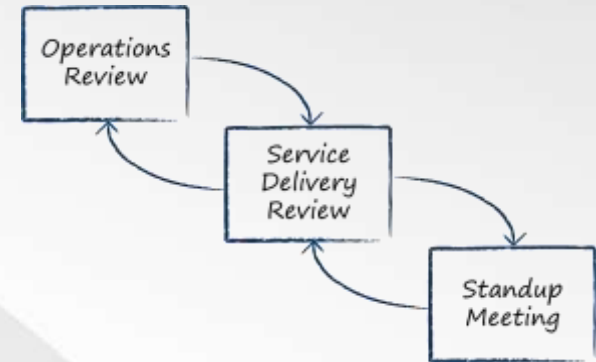
Buffer dependencies, agree SLAs



Dots denote clock ticking on SLA

Late against SLA

Operations Review



Monthly

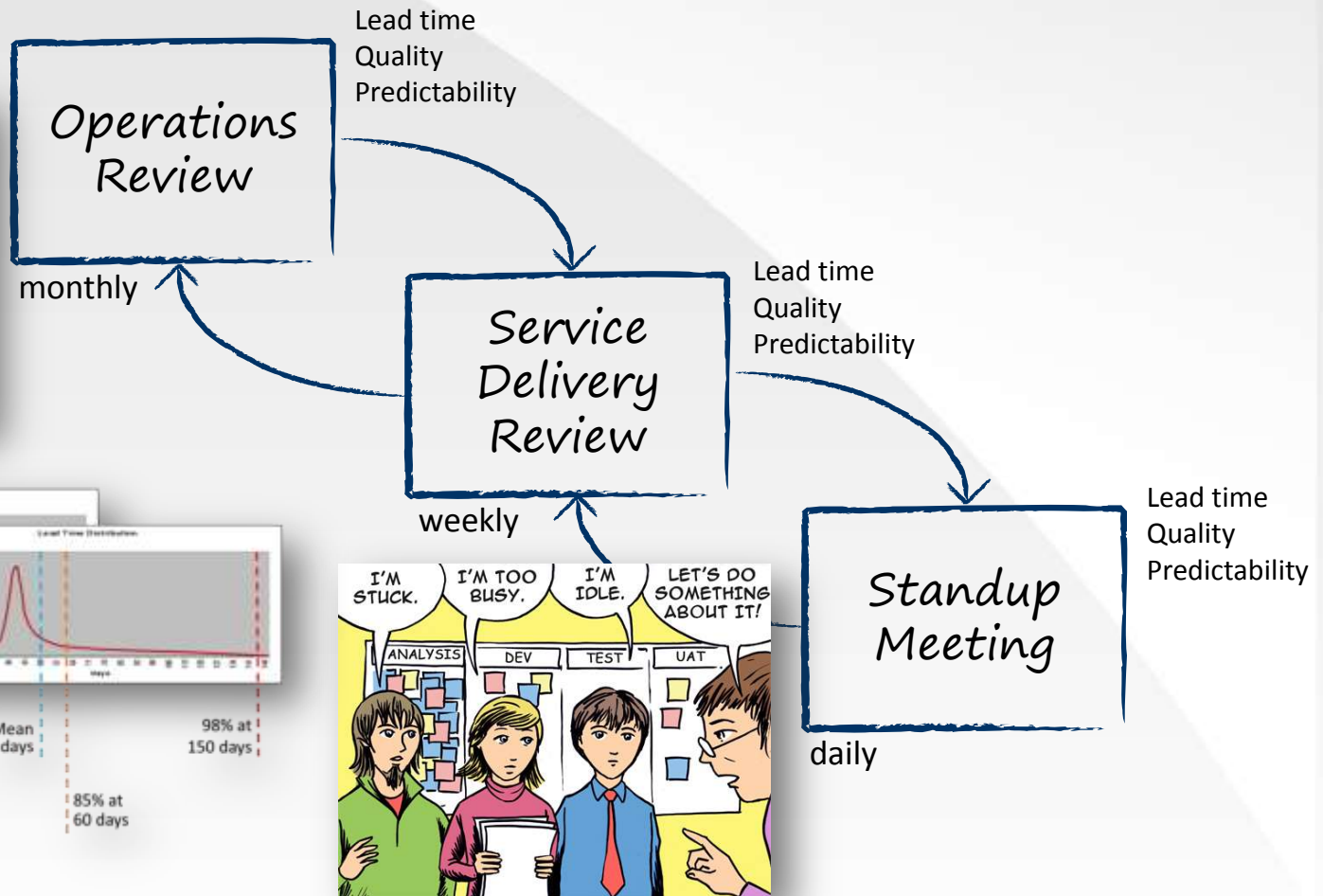
Disciplined review of demand and capability for each kanban system

Provides system of systems view and understanding

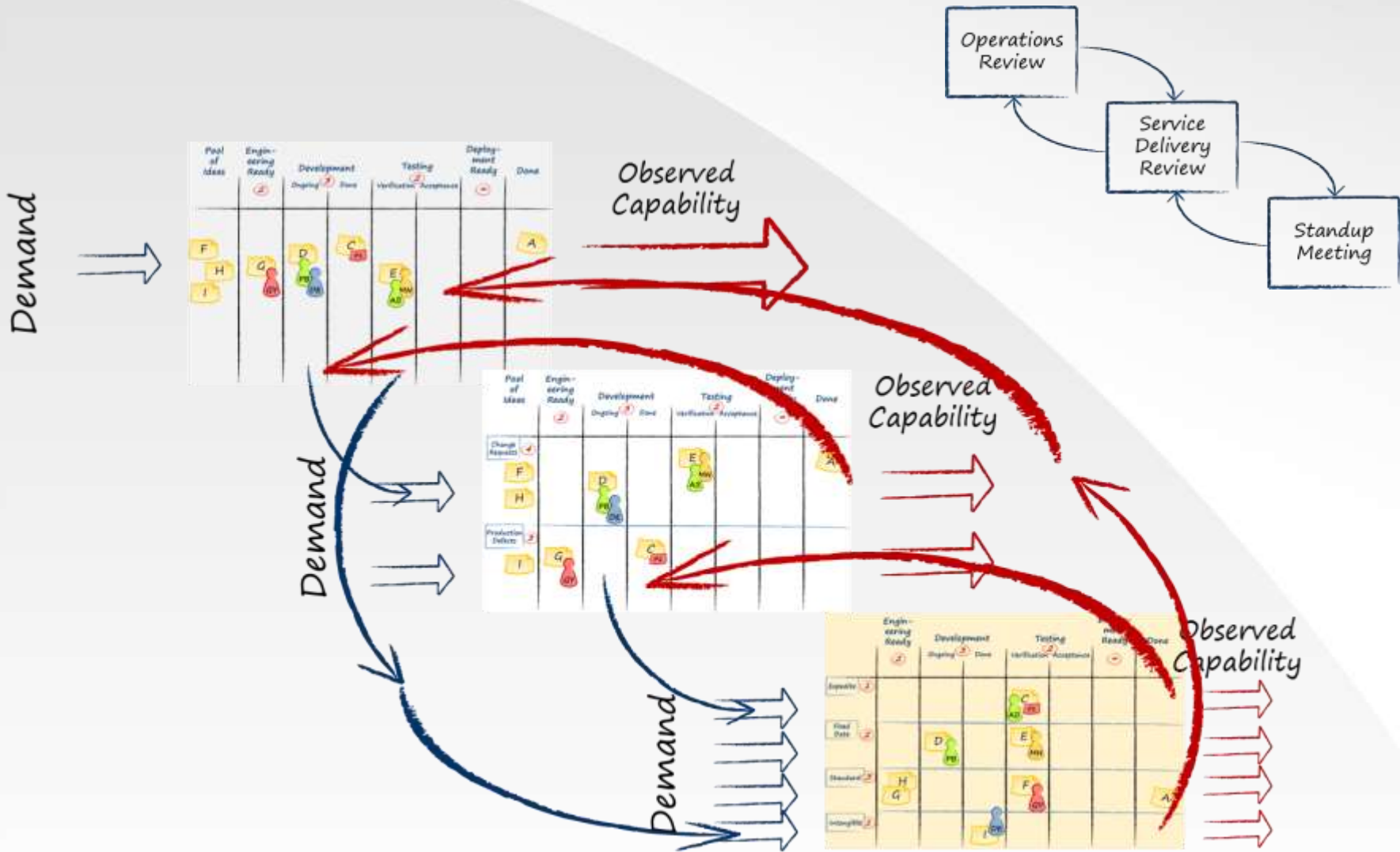
System changes are suggested by attendees



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

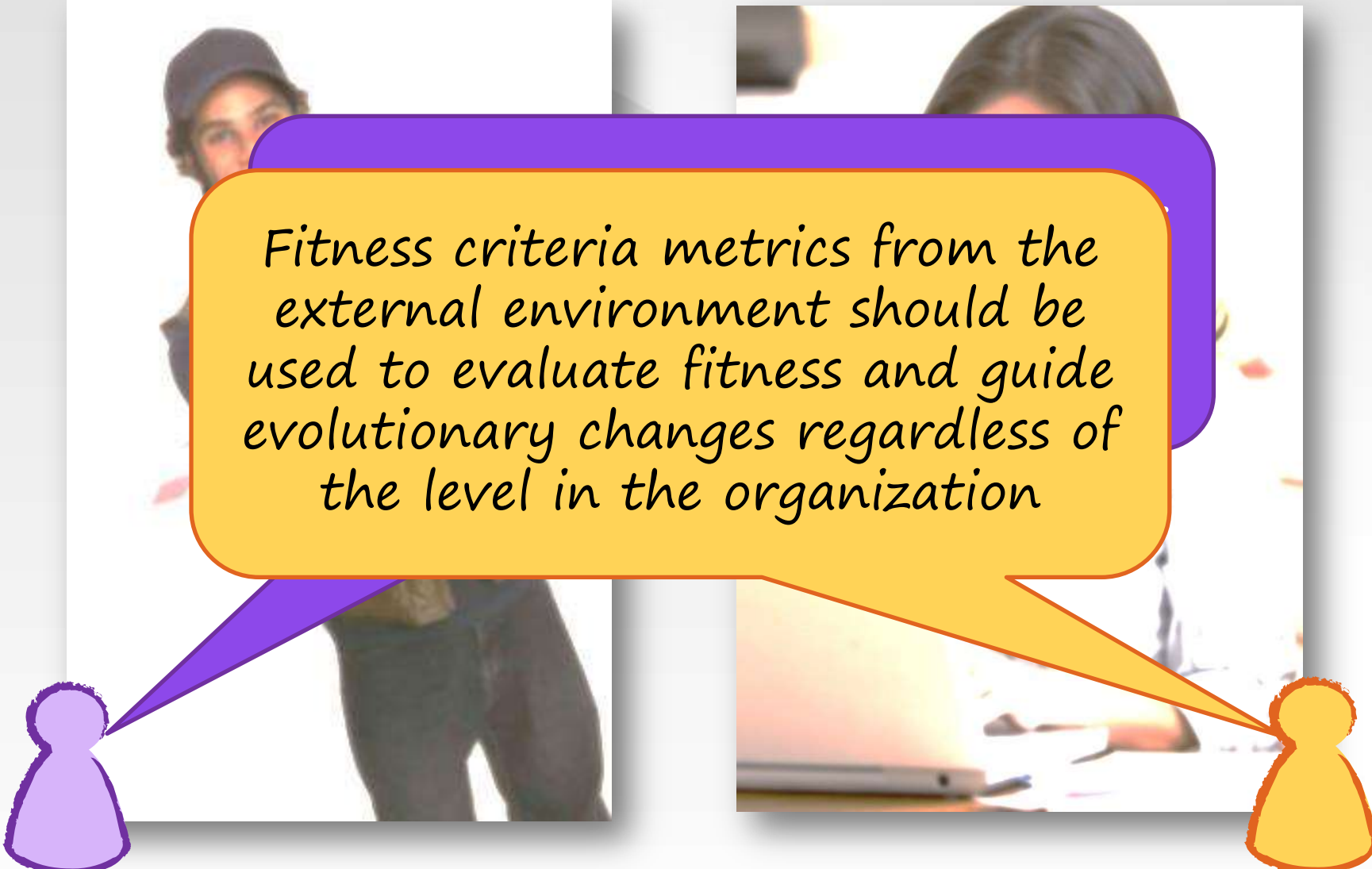


Organizational Improvements Emerge



Lesson 4

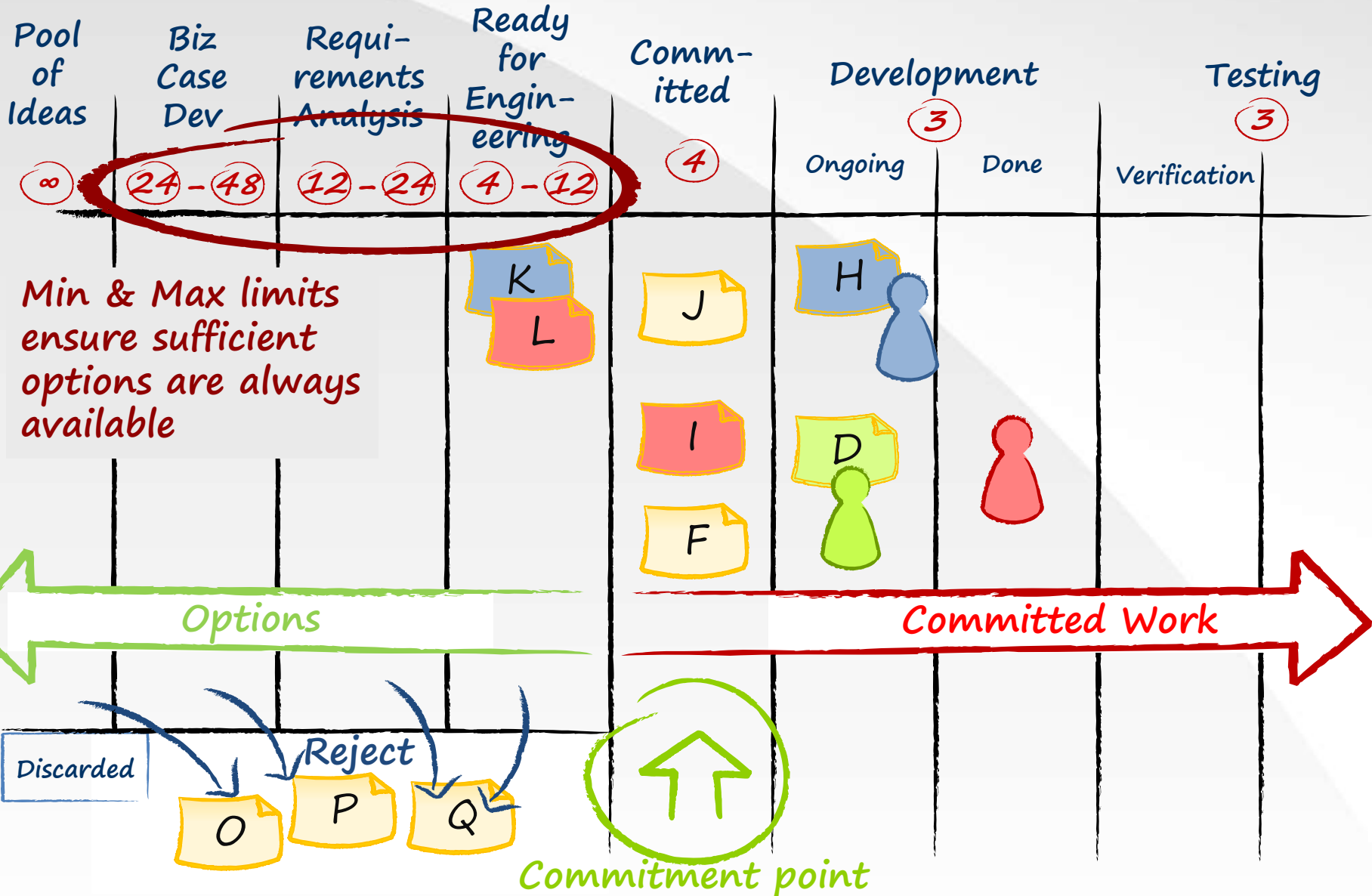




Fitness criteria metrics from the external environment should be used to evaluate fitness and guide evolutionary changes regardless of the level in the organization

Discovery Kanban helps us
“to do the right things”

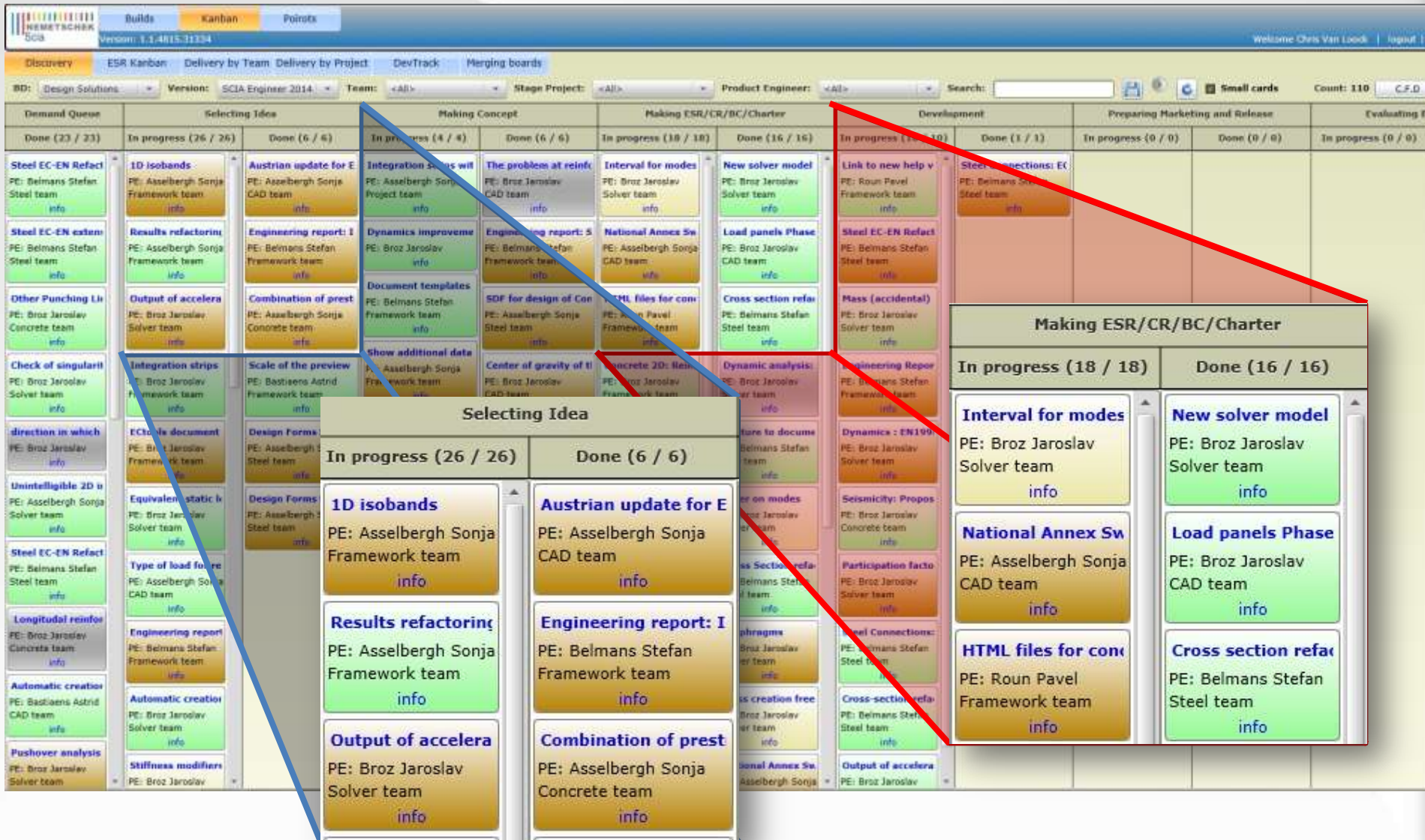
Upstream Kanban Prepares Options



Min & Max limits ensure sufficient options are always available

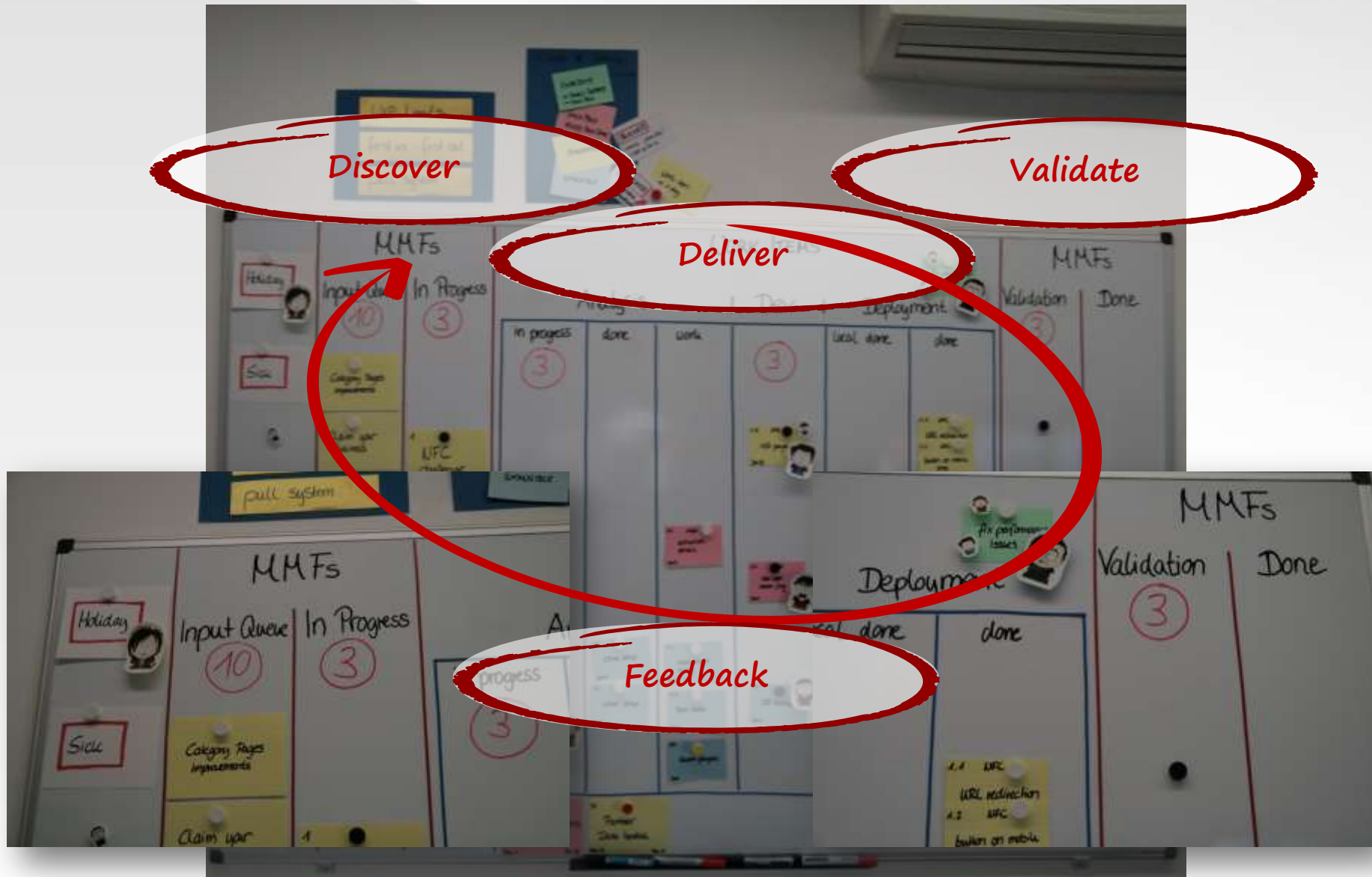
Commitment point

Discovery Kanban Board Example



http://leankanban.com/sites/all/themes/bootstrap_subtheme/pdf/SCIA-dist.pdf

Lean Startup Integrated Board Example

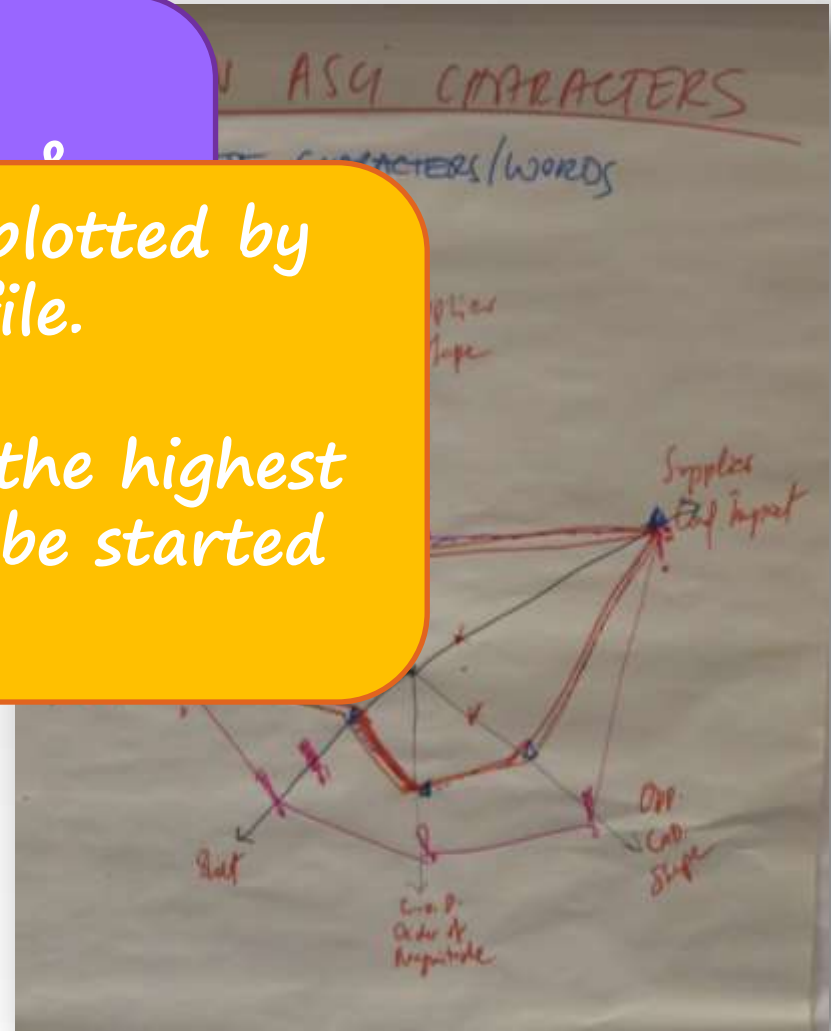
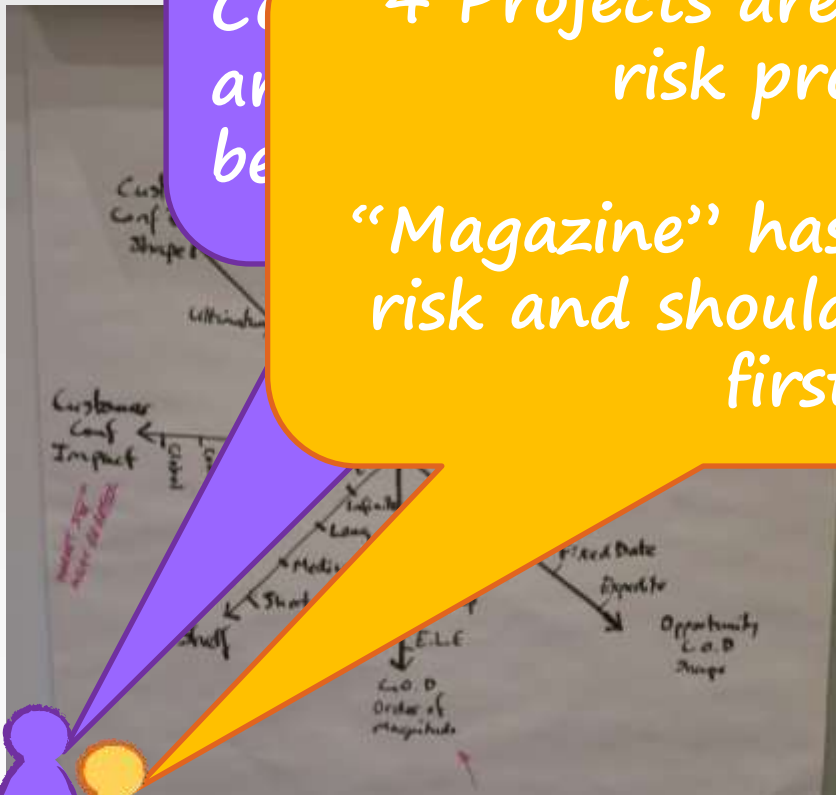


Business Risk Assessment Framework

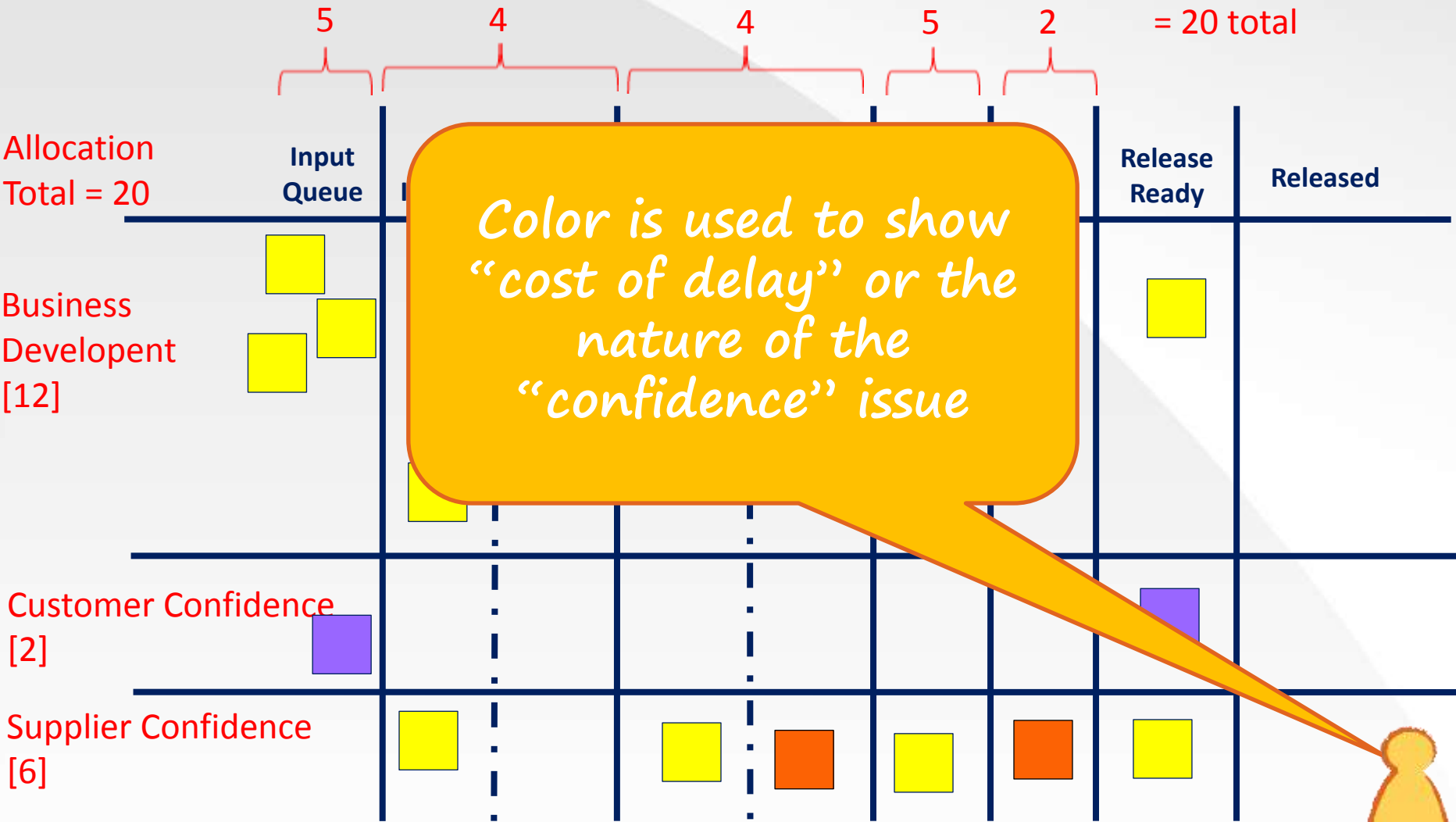
Supplier Confidence,
Customer Confidence &
Cost
and
be

4 Projects are plotted by
risk profile.

“Magazine” has the highest
risk and should be started
first

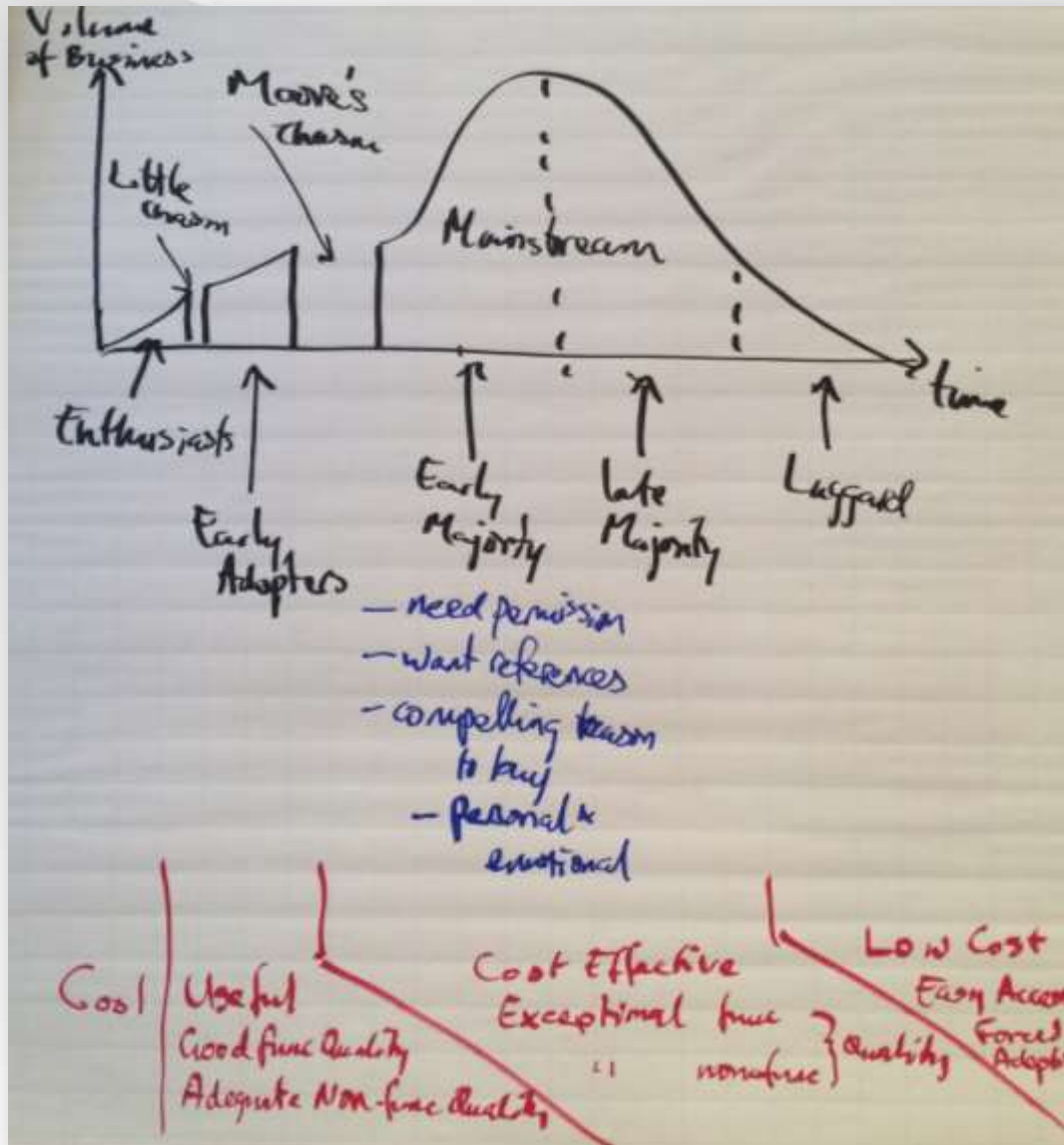


Shaping Demand with Capacity Allocation



Defining Fitness Criteria

Market Adoption Lifecycle Segmentation

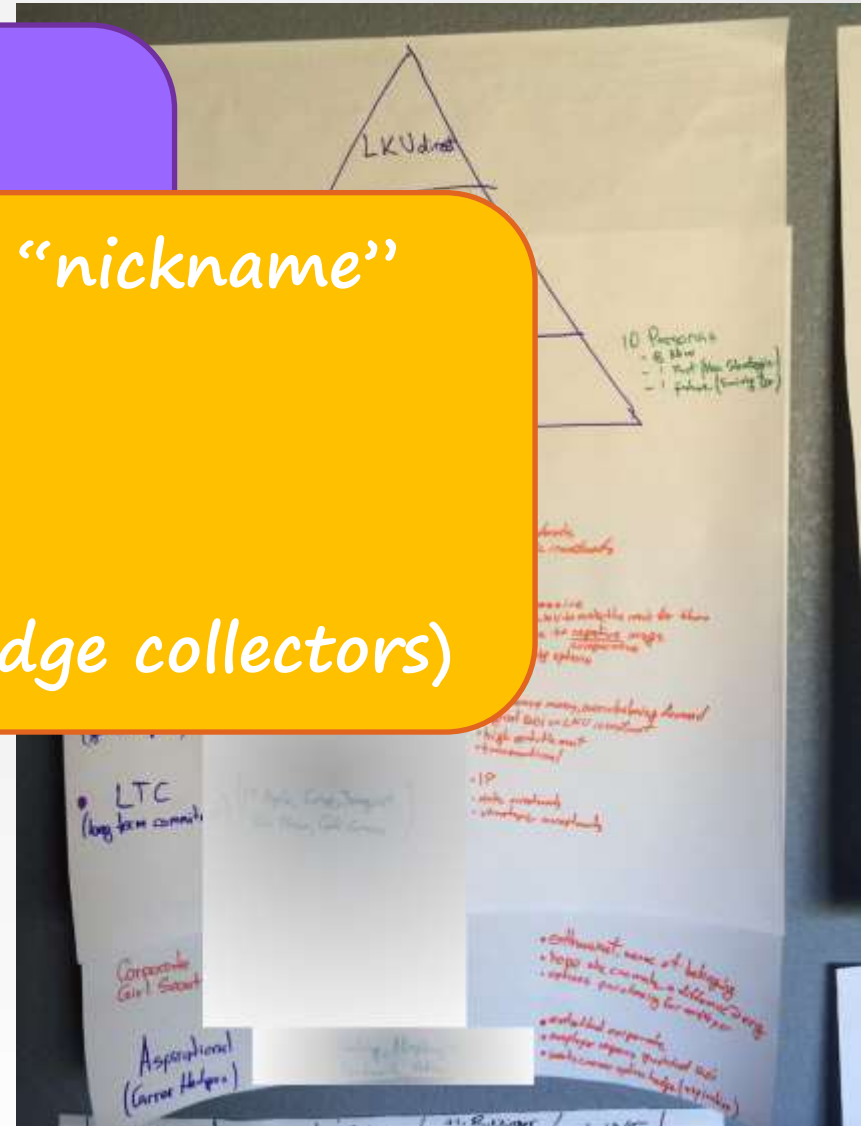


Customer Storytelling & Clustering

Tell stories about real customers, their motivations, beliefs, and situations

Give each cluster a "nickname" e.g.

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



You can't just ask!

Neeta
you
de
pr
us
es

*Believe what customers
actually do, do not believe
what they say they'll do!*

*Actually behavior will vary
from declared intent!*



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

Pizza boy knows Neeta's Story!

Staff who meet customers

*ca
w
an*

*Create ways to capture
customer stories or directly
involve customer facing staff
when defining customer
segments fitness criteria*



GT car manufacturer story

A well
of GT
cu
w
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re
c
to
c

*Damaging your brand,
your reputation and your
profitability is a strange
way to discover how to
be...*

“fit for purpose!”



Is it “safe to fail”?

We need general guidance

that

for

the

“s

If we can't ask, and we can't
allow service to decline until
complaints make the
threshold evident, what can
we do?

service until
momentarily or
should

ing service quality isn't “safe to



Probe with classes of service

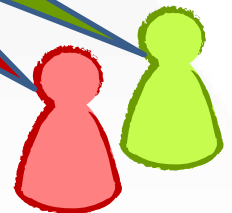
Create a
re
se

Observ

- Is it
- quality
- Is it

Fixed delivery date class of service emerged this way.

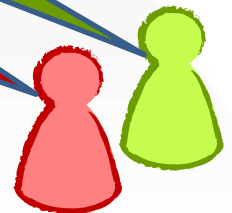
Initially abused by marketing, eligibility criteria were tightened up.



Telecom Equipment Example

Now design and offer 3 classes of service...

- High quality, tight “done” criteria for each step
- Short lead time – pull priority, looser “done” criteria
- Low cost – junior staff, lowest priority compared to other work



Different lanes, different risks

Engin-
eering

Deploy-
ment
Ready

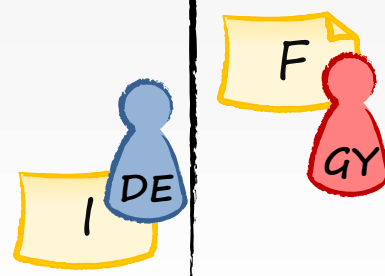
Done

Verizon

Sprint

T-Mobile

Different classes of service and different pull criteria policies are defined for each lane providing service levels tuned to the "fitness for purpose" expectations of each customer




Lesson 5





Classes of service should align to market segments and fitness criteria (or stakeholders needs)

Sensing Changes in Market Conditions



Our business needs the ability to “sense” changing customer tastes. As time goes by, the criteria & thresholds for a given market segment may change



Our pizza delivery service can be



But, do we have the capability to deliver on customer expectations?



“Fitness For Purpose” Review


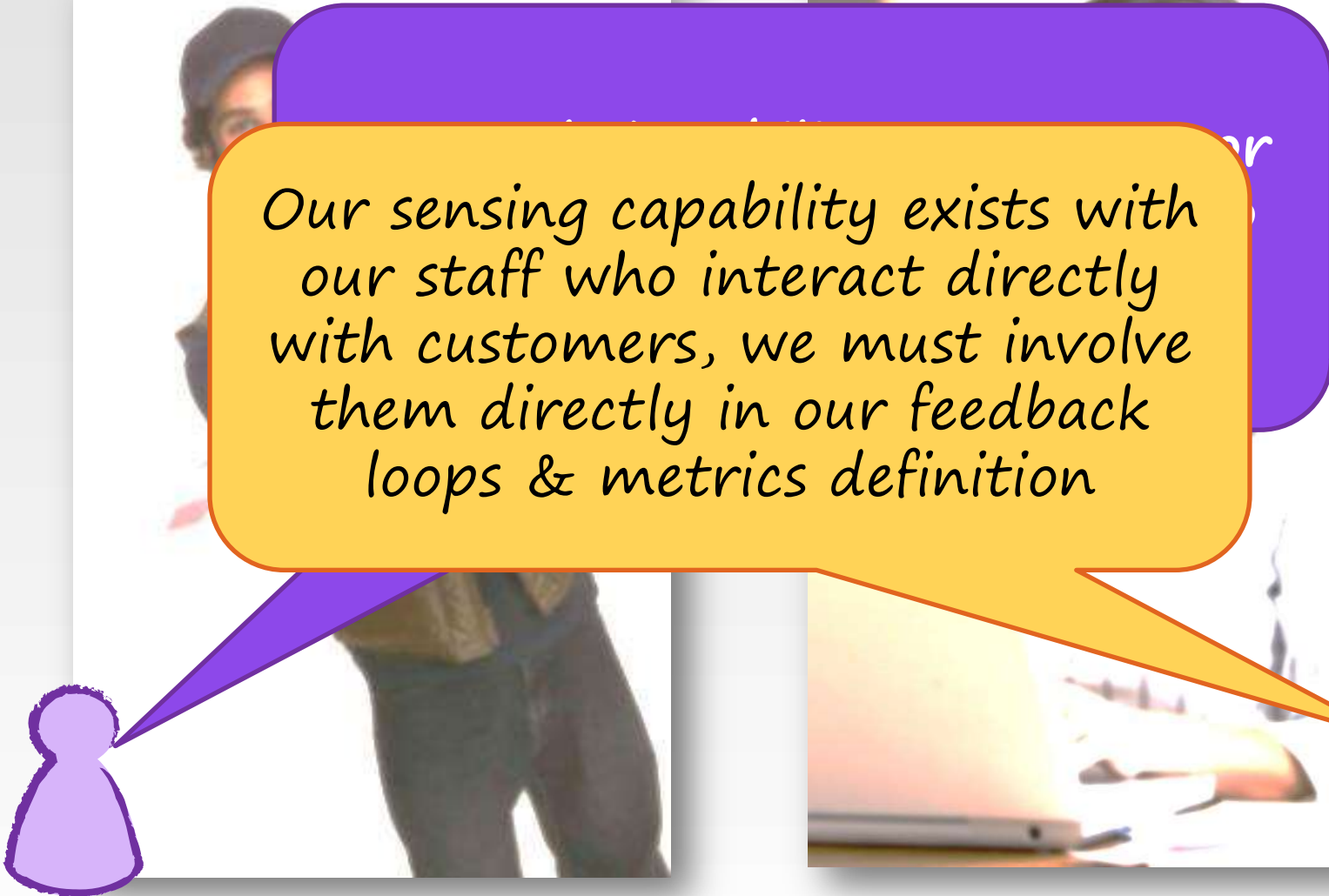
Review customer stories

- *Review Fitness criteria*
 - *Do we perceive customers of a given cluster/segment are happy and consider us “fit for purpose”*
 - *What services or product features or service delivery expectations have emerged or changed?*



Lesson 6



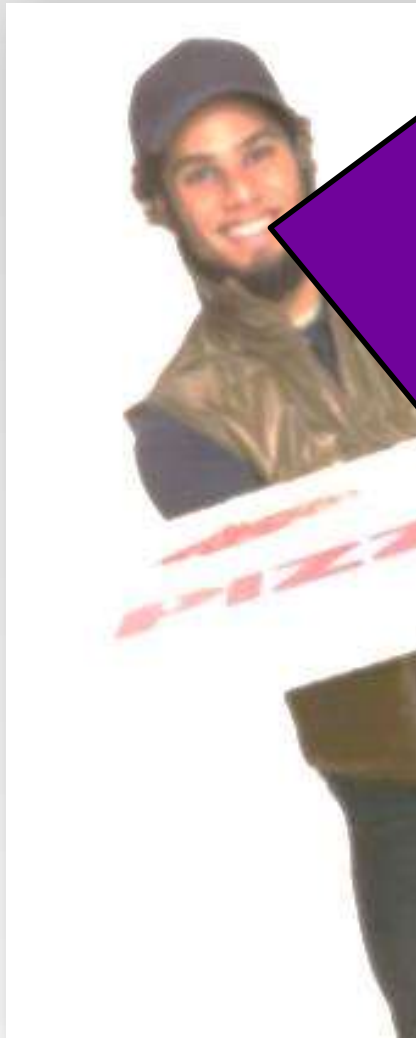


Our sensing capability exists with our staff who interact directly with customers, we must involve them directly in our feedback loops & metrics definition

Conclusions

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





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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Thank you!



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.”



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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