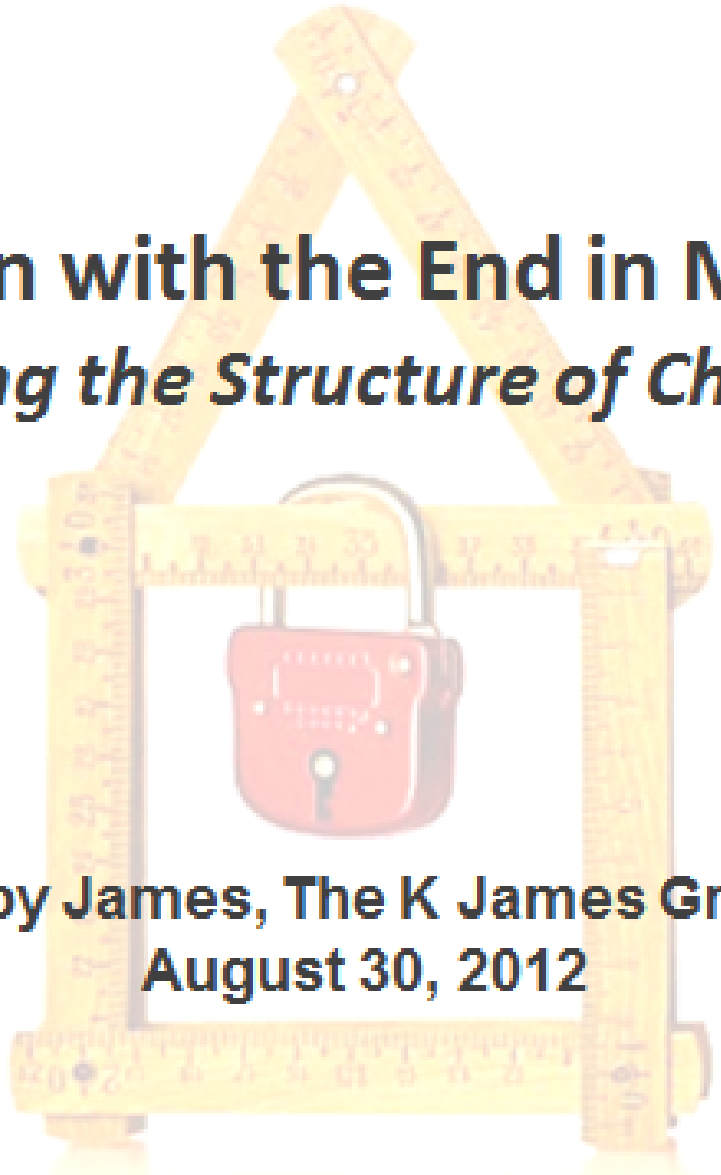
Begin with the End in Mind:
Seeing the Structure of Change



Kirby James, The K James Group
August 30, 2012

Agenda

- Welcome
- Introduction of MBB Webcast Series
  - Larry Goldman, MoreSteam.com
- Today's Session
  - Kirby James, The K James Group
- Open Discussion and Questions

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- Academic Partnership with Ohio State University

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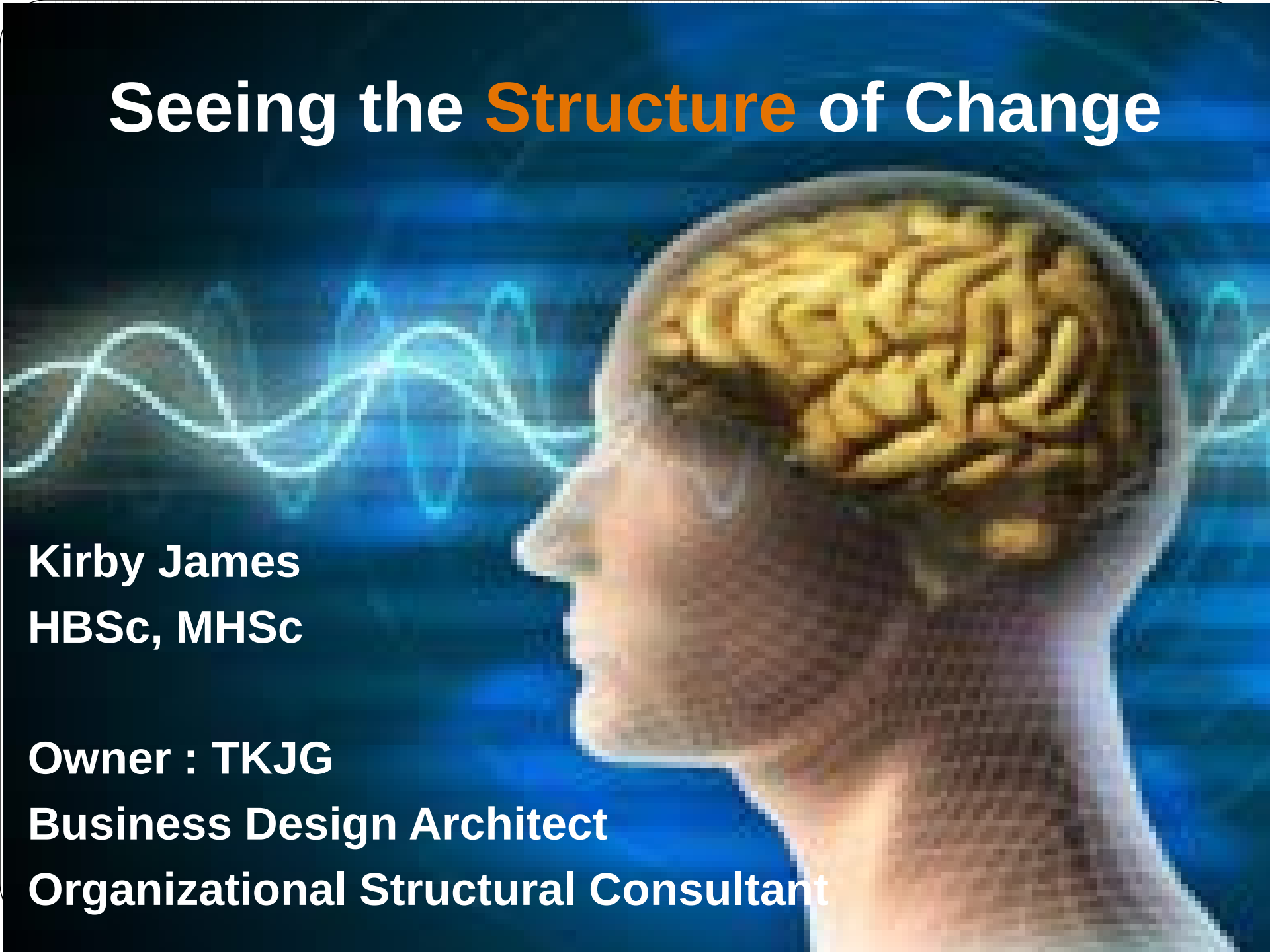
Today's Presenter

Kirby James

President, The K James Group

- *Business Design Architect at Sixsense Strategy Group and a Facilitator at Canadian Board Diversity Council*
- *Lean Six Sigma Master Black Belt*
- *Previous Global Director for EHS & Business Continuity at MDS Pharma and adjunct professor at Ryerson University*

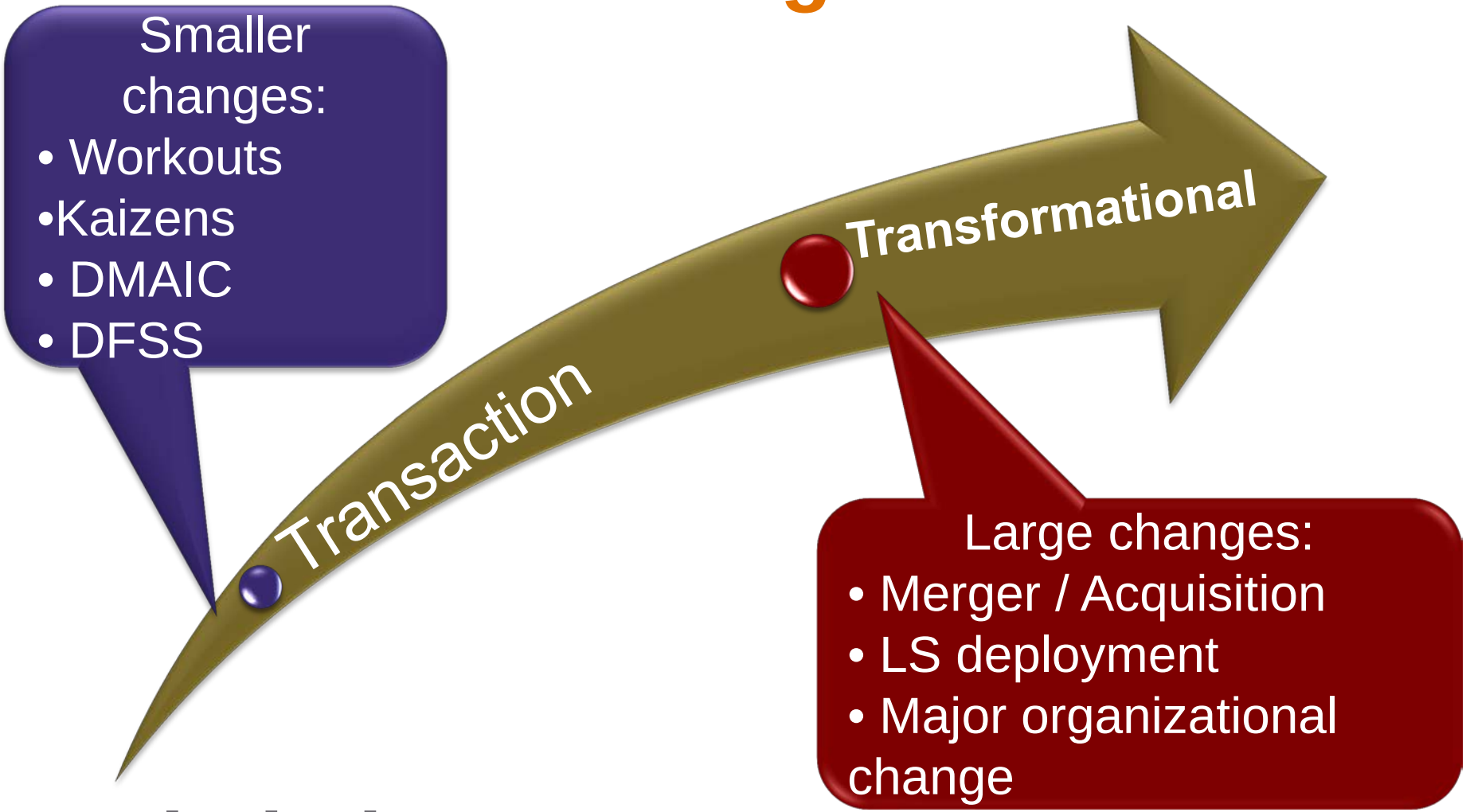
Seeing the Structure of Change



Kirby James
HBSc, MHSc

Owner : TKJG
Business Design Architect
Organizational Structural Consultant

Today we Focus on All Sizes of Change



And Their Structures

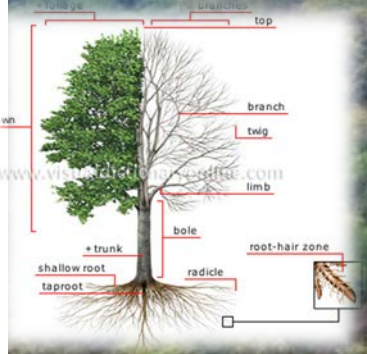
What Is Structure?

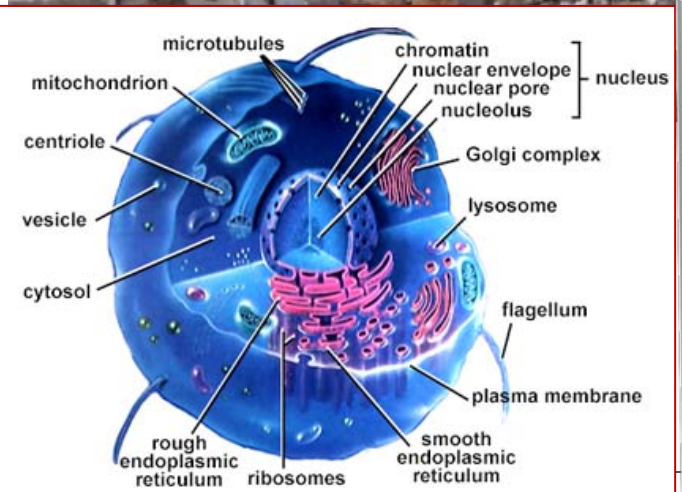
Structure is a fundamental, tangible or intangible notion referring to the recognition, observation, nature, and permanence of patterns and relationships of entities. This notion may itself be an object, such as a built structure, or an attribute, such as the structure of society.

From a child's verbal description of a snowflake, to the detailed scientific analysis of the properties of magnetic fields, the concept of structure is now often an essential foundation of nearly every mode of inquiry and discovery in science, philosophy, and art.[1]

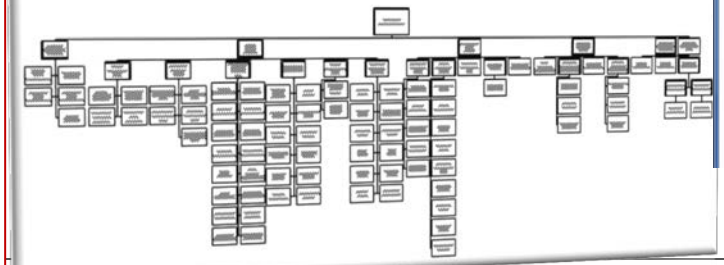
Wikipedia, August 2012

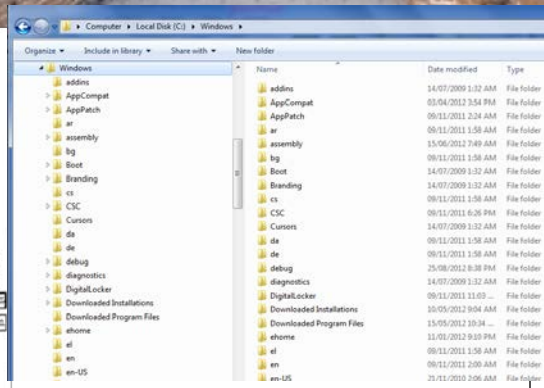
Structure is everywhere
In everything



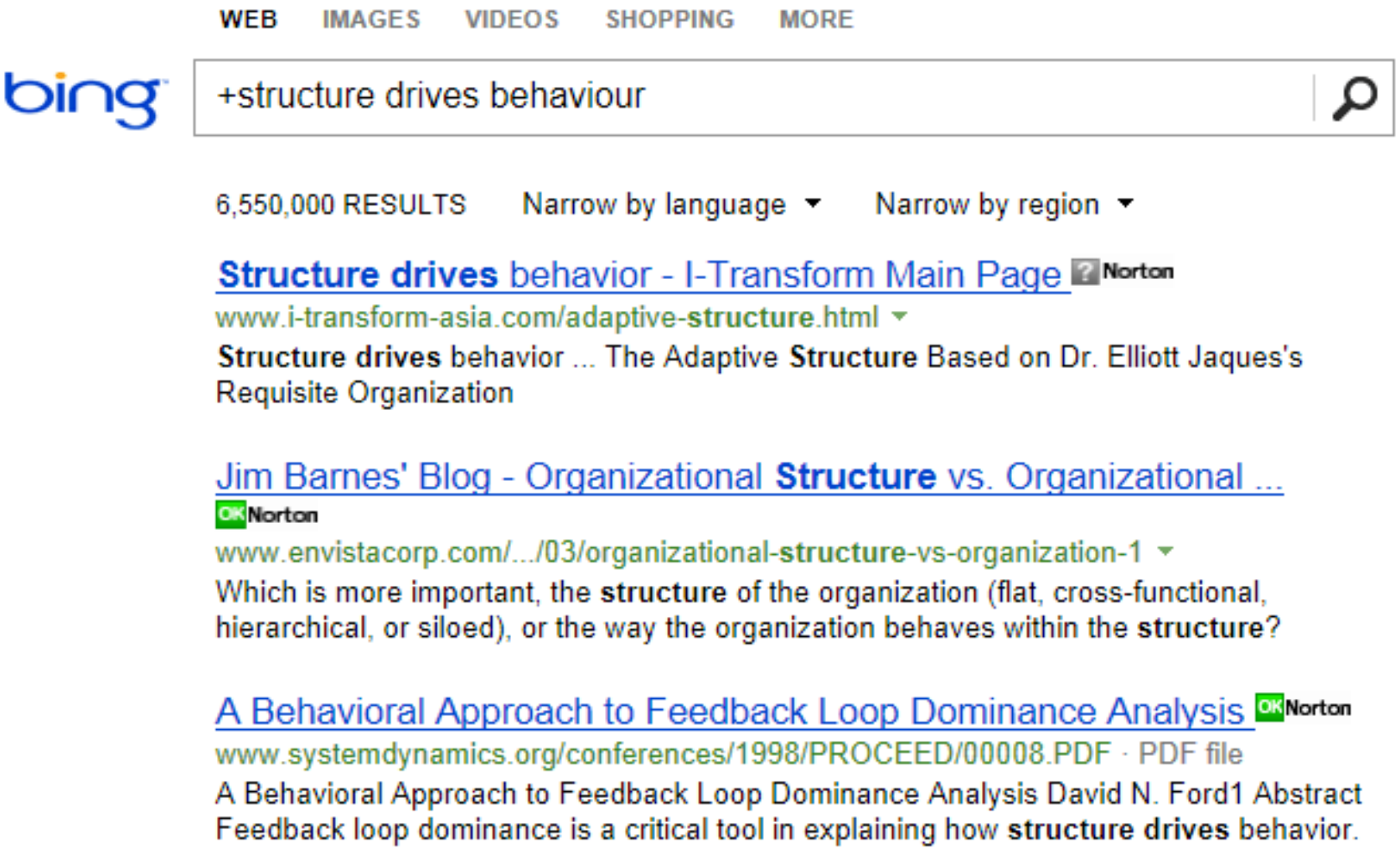


Looking at our Structure





And Structure Drives



Example: Expertise

Knowledge Structure

Academic

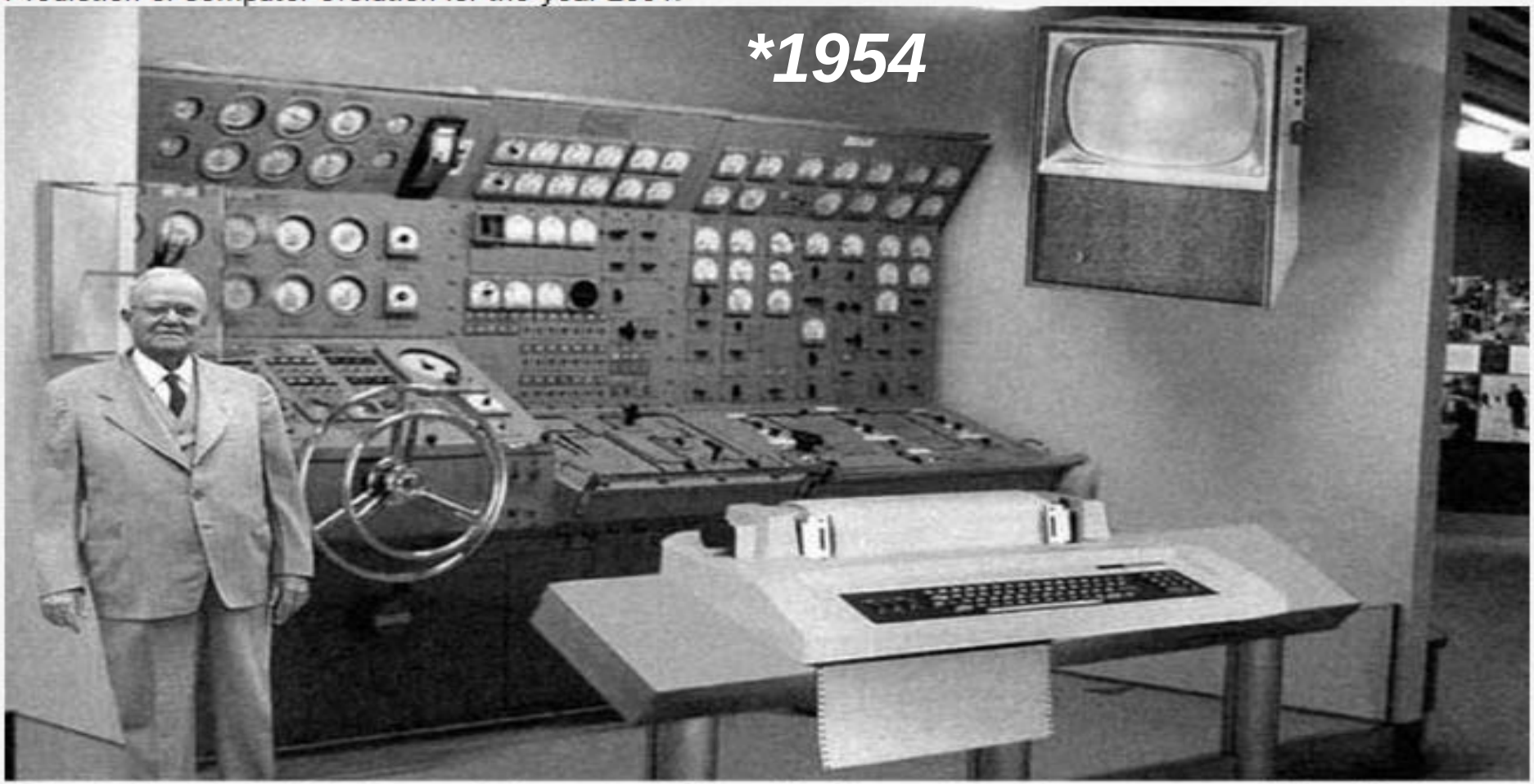
- Advanced Program in Change Management
  - Rotman School of Management, University of Toronto
- Systems Dynamics
  - MIT Sloan Management
- LeanSigma Green, Black & Master Black Belt
  - MDS
  - MoreSteam.com
- Organizational & Personal Structural Consulting
  - Robert Fritz Inc

Professional

- Business Design Architect
  - sixsense strategy group
- Organizational & Structural Consultant
- 15+ years as corporate change agent
  - MDS
- Numerous LS DMAIC, DFSS projects of all sizes in many sectors

Example: Computer Structure Changed

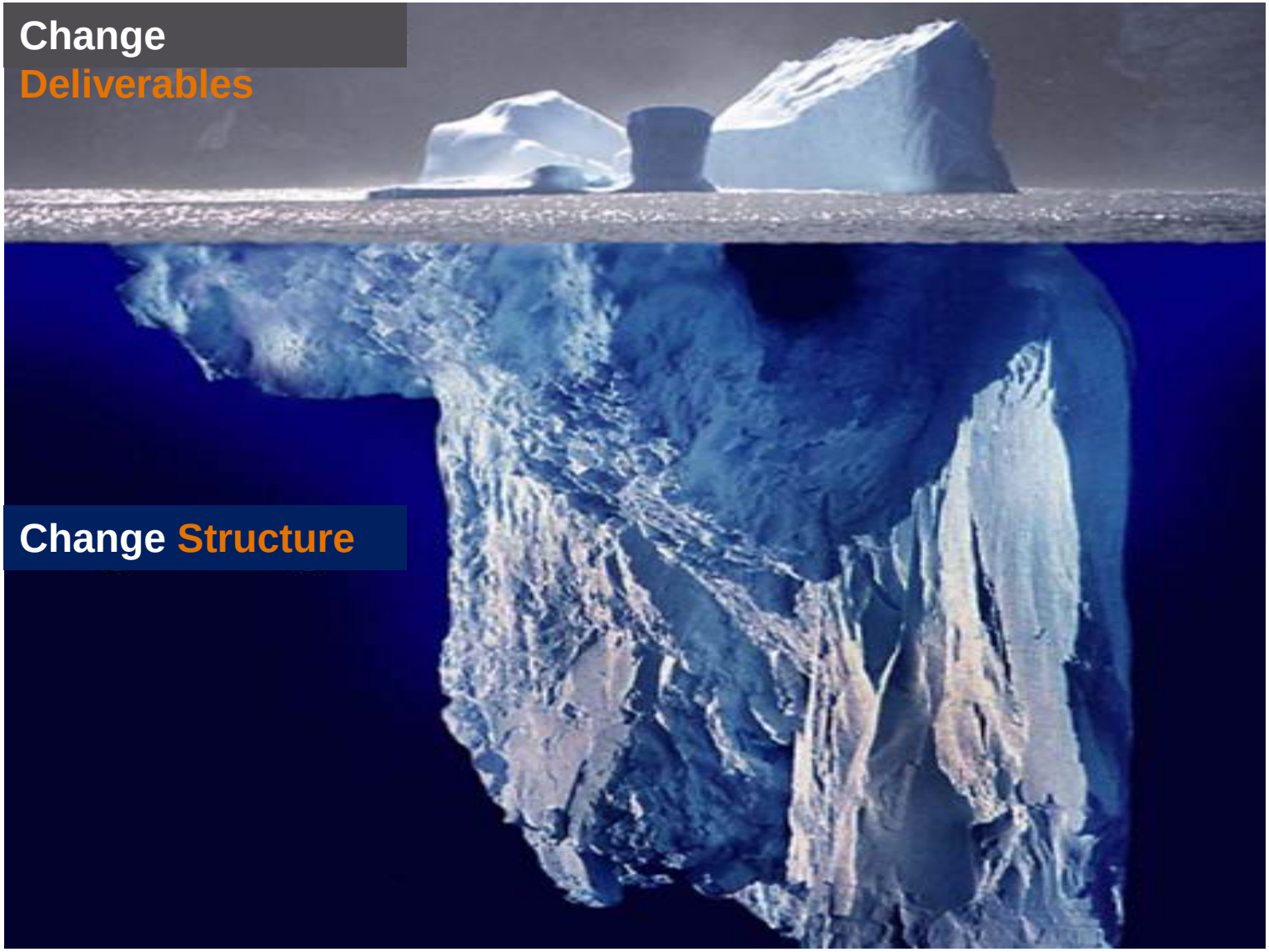
Prediction of computer evolution for the year 2004:



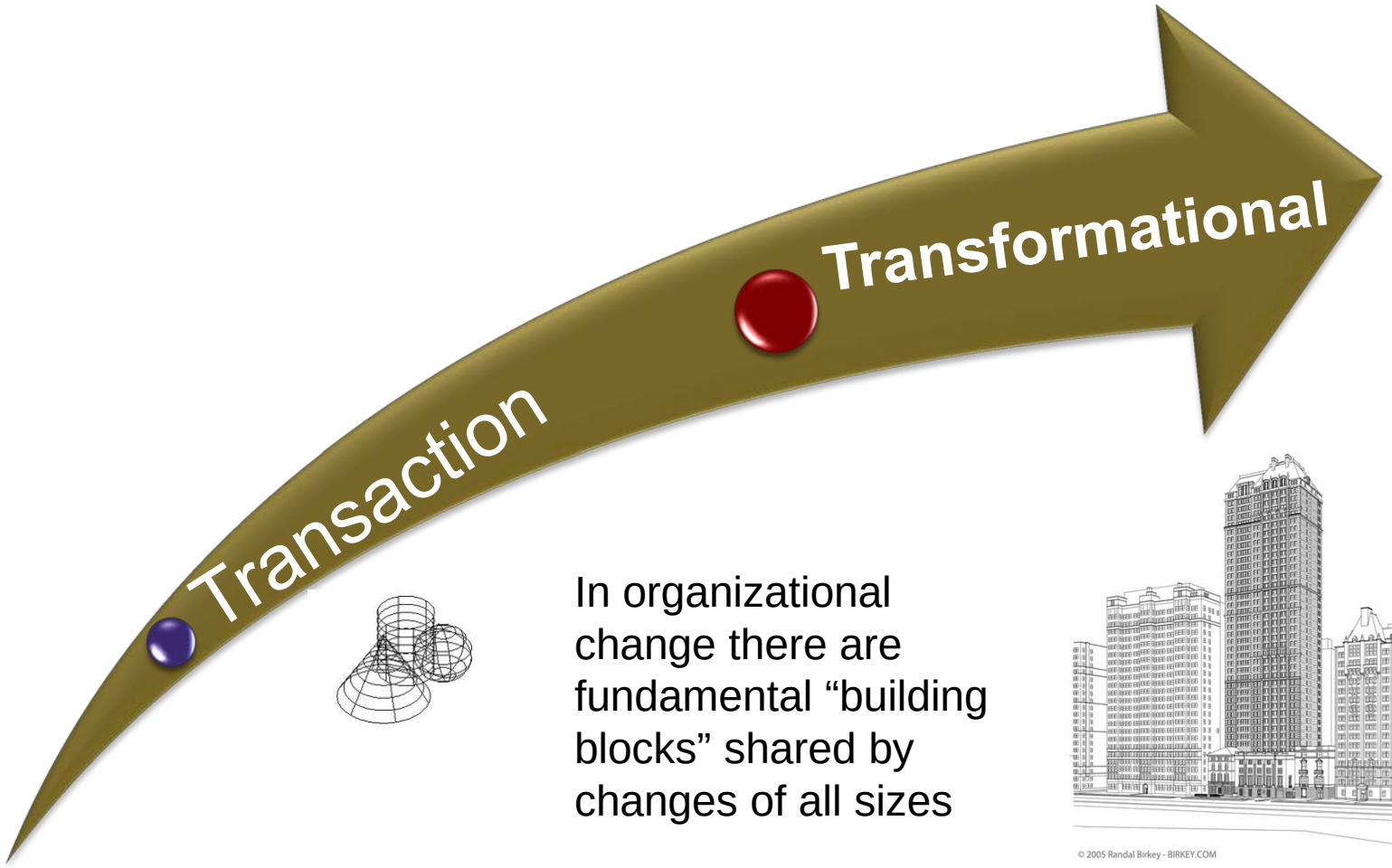
Scientists from the RAND Corporation have created this model to illustrate how a "home computer" could look like in the year 2004. However the needed technology will not be economically feasible for the average home. Also the scientists readily admit that the computer will require not yet invented technology to actually work, but 50 years from now scientific progress is expected to solve these problems. With teletype interface and the Fortran language, the computer will be easy to use.

And Computer User Behaviour Followed …

Change Has an Underlying Structure

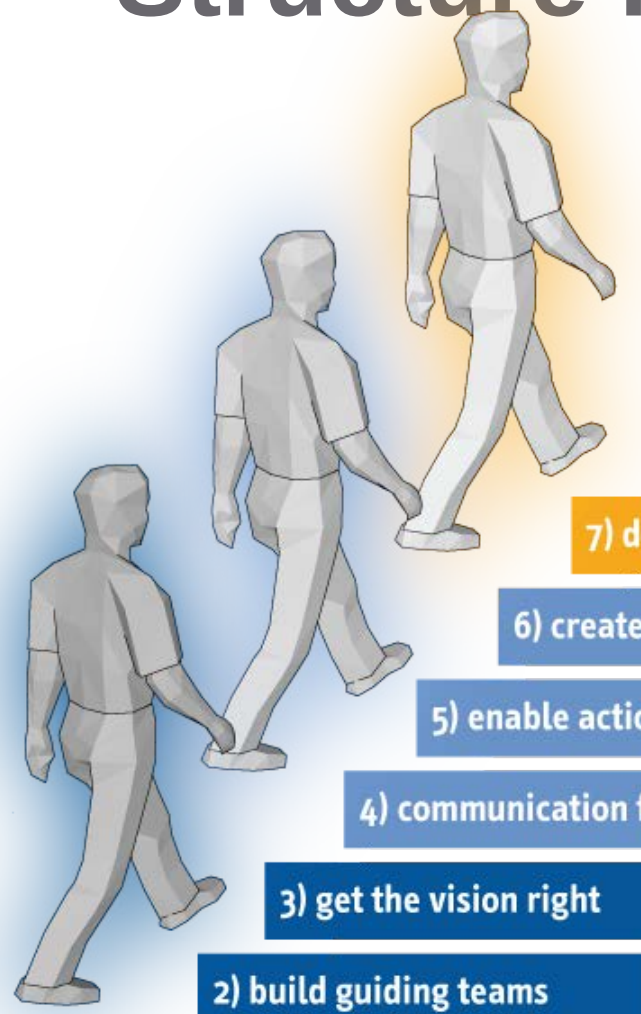


What Do All Change Structures Have in Common?



In organizational change there are fundamental “building blocks” shared by changes of all sizes

Structure in Big Organizational Changes

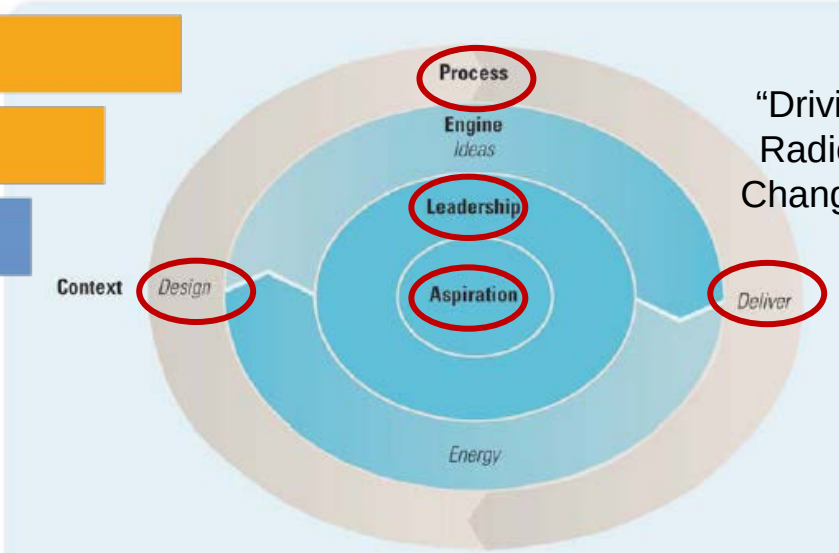


8) make it stick
7) don't let-up
6) create short-term wins
5) enable action
4) communication for buy in
3) get the vision right
2) build guiding teams
1) increase urgency

Kotter
Model of Change

EXHIBIT 1
Ingredients for a successful transformation

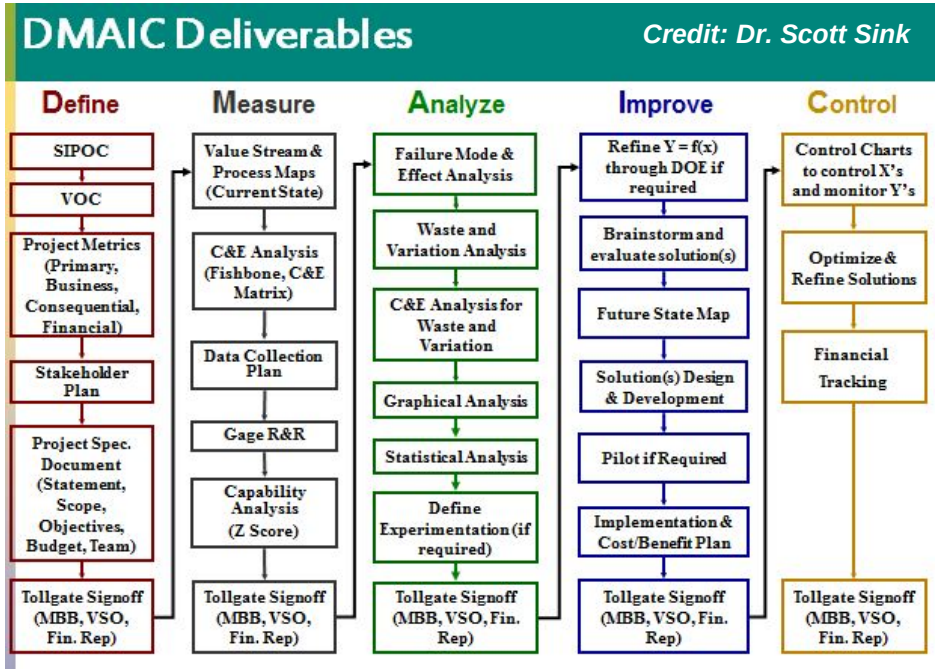
The dynamic nature of transformations requires a disciplined approach across a number of different elements.

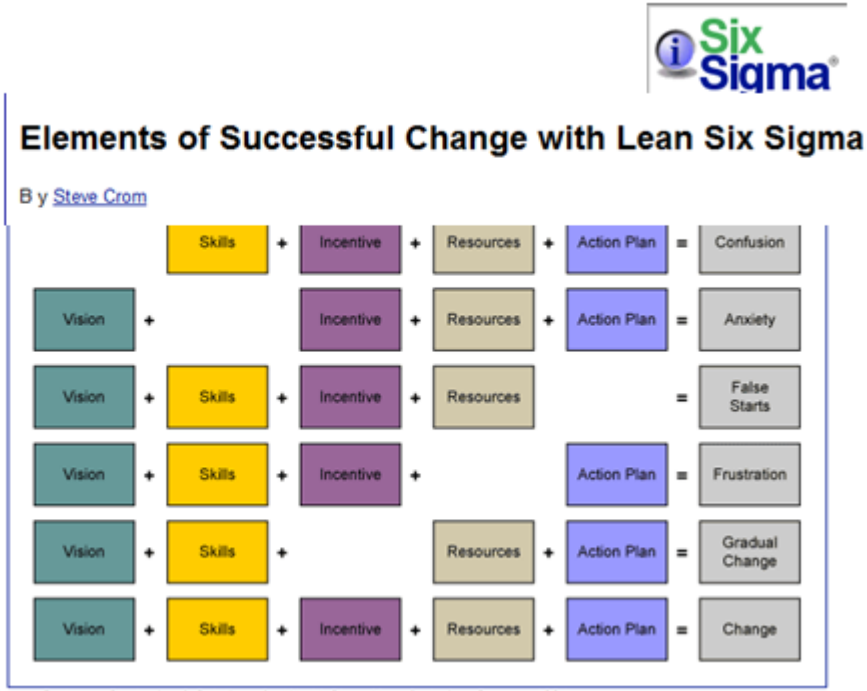


McKinsey Quarterly
2007
Number 4

"Driving Radical Change"

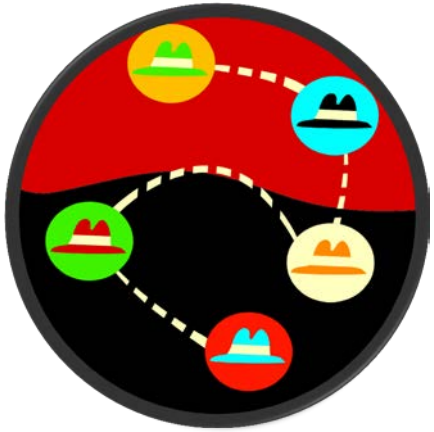
Do You See the Change Structures Built into DMAIC Projects?



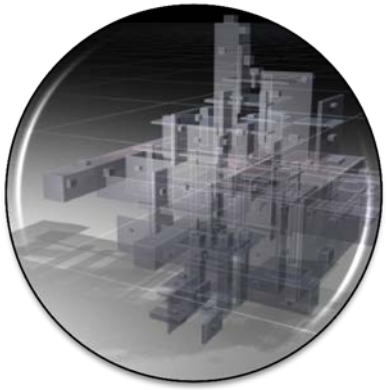


Source: Sherrie Ford, Change Partners, Strategies & Solutions for World-Class Manufacturing, Summer 1994

What is Change Structure?



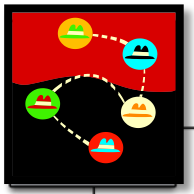
Viable Strategy / Action Plan



Functional Design

Competent Execution

Seeing Inside Change Structure



Viable Strategy / Action Plan

- Cogent path “From” current state – “To” a credible & achievable result

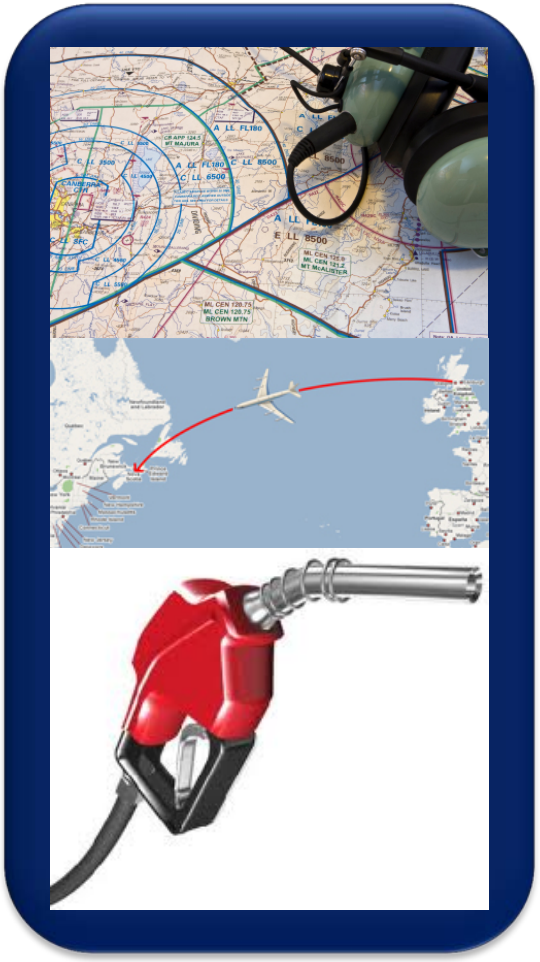
Functional Design

- The underlying elements to support the Strategy / Plan are capable of delivering the results IF well executed

Competent Execution

- When implementation of the plan is skillfully completed

Example: Structure in Flight



Plan

Design

Execution

Comparing Structures

Structural Element	Process Changes
• Viable Strategy / Plan	• Project charter
• Design	• Selected LS Methodology, stakeholder accountability, training, resources
• Execution	• How project is executed by ALL involved members

When Do They Work?

There are a discrete range of outcomes for Strategy, Design & Execution. While this representation over simplifies the range of outcomes, it ties how each element can affect the results

Outcome	+ + +	+	+	-	+	-	- - -
Strategy	+	+	+	+	-	-	-
Design	+	+	-	-	+	-	-
Execution	+	-	+	-	+	+	-

Big Changes That Succeed

European division of global auto parts manufacturer that created a continuous improvement deployment over 5 years that converted their operations from poor performer to the leader in their company for EBITDA.

Outcome	+	+	+	-	+	-	-
	+						-
	+						-
Strategy	+	+	+	+	+	-	-	-
Design	+	+	-	-	+	-	-
Execution	+	-	+	-	+	+	-

And More LS Size

Redesign of month end accrual process for pharmaceutical company that went from <20% to over 96% accuracy where success created demand for more projects from a previously frustrated administrative team. Secondary benefit was over 8% of **all** manager's time was freed up from reviewing inaccurate month end financial statements.

Outcome	+	+	+	-	+	-	-
	+						-
	+						-
Strategy	+	+	+	+	+	-	-	-
Design	+	+	-	-	+	-	-
Execution	+	-	+	-	+	+	-

Big LS Changes That Fail

A LS deployment, well designed & initiated, slowly falls into disrepute and the “belts” drift off into the organization. Over €1M in investment lost with negligible sustainable benefit and confirmation that BPI “doesn’t work”.

Outcome	+ + +	+	+	-	+	-	- - -
Strategy	+	+	+	+	-	-	-
Design	+	+	-	-	+	-	-
Execution	+	-	+	-	+	+	-

And Smaller LS Failures

A DMAIC project with excellent action plan, a fair execution by the black belt and within the client there is no alignment to support the effort. The project starts ok, wobbles and then fails to deliver the potential results.

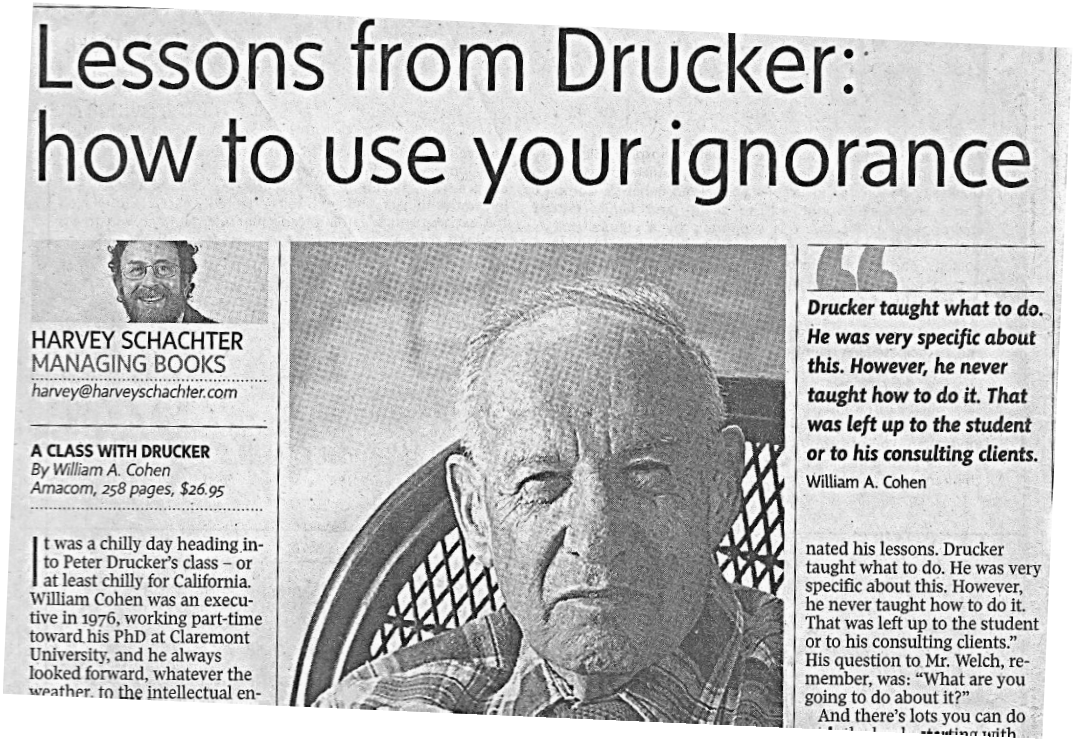
Outcome	+ + +	+	+	-	+	-	- - -
Strategy	+	+	+	+	-	-	-
Design	+	+	-	-	+	-	-
Execution	+	-	+	-	+	+	-

How to Increase Change Success? #1: Learn to See

Learn the skill to "SEE" the structure in an organization.

How?

Develop your ability to see what is actually there, not what you think is there.



Lessons from Drucker: how to use your ignorance

HARVEY SCHACHTER
MANAGING BOOKS
harvey@harveyschachter.com

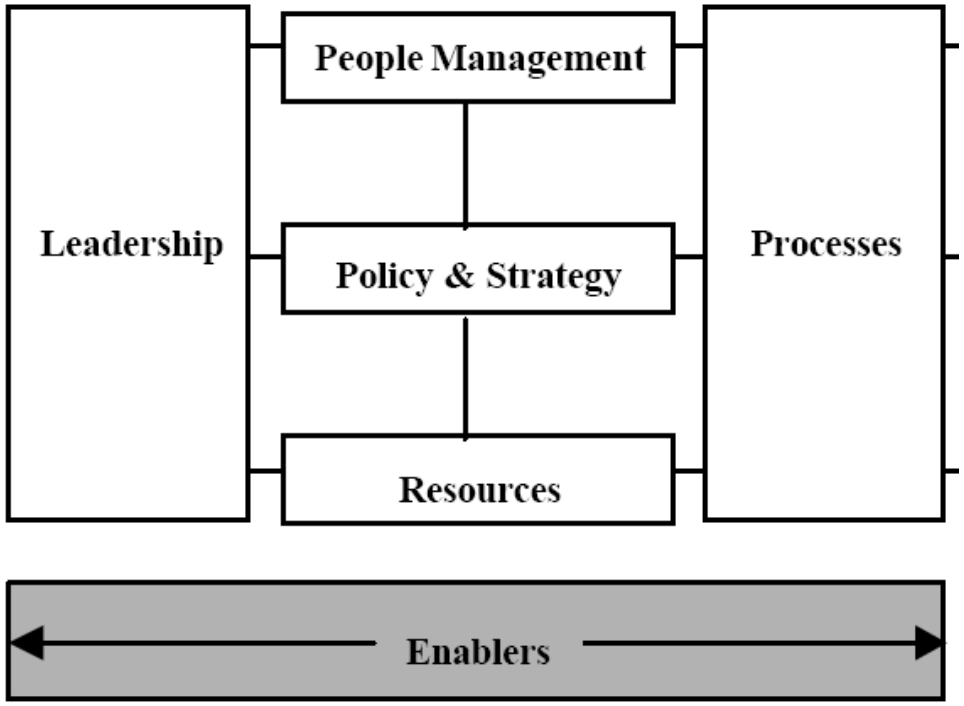
A CLASS WITH DRUCKER
By William A. Cohen
Amacom, 258 pages, $26.95

It was a chilly day heading into Peter Drucker's class – or at least chilly for California. William Cohen was an executive in 1976, working part-time toward his PhD at Claremont University, and he always looked forward, whatever the weather, to the intellectual en-

Drucker taught what to do. He was very specific about this. However, he never taught how to do it. That was left up to the student or to his consulting clients.
William A. Cohen

nated his lessons. Drucker taught what to do. He was very specific about this. However, he never taught how to do it. That was left up to the student or to his consulting clients." His question to Mr. Welch, remember, was: "What are you going to do about it?"
And there's lots you can do

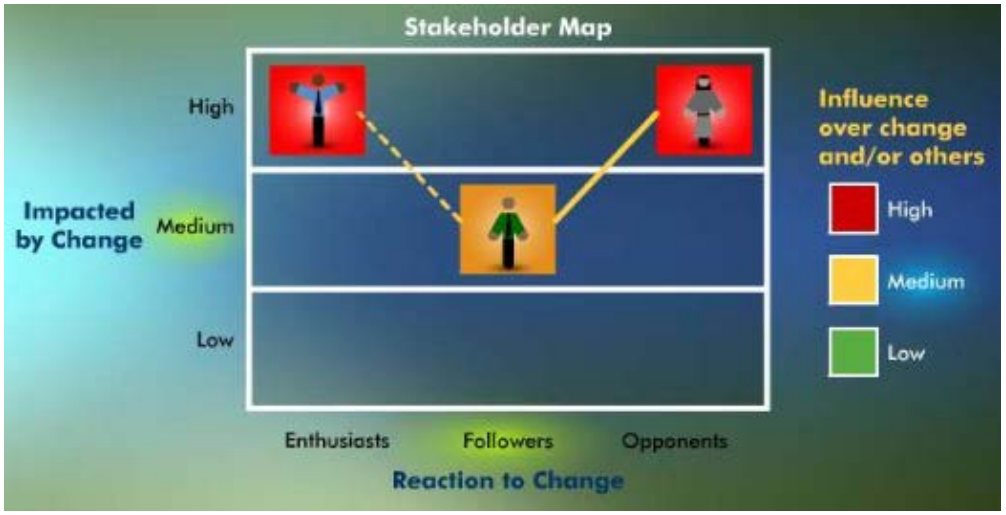
#2: Learn to Design A Strong Structure



- Leadership Skill & Alignment
- Align Roles & Rewards
- Align Methods
- Align Direction
- Align Resources

Evaluate these in terms of current state and how much is required to succeed in creating a sustainable solution.

Use the Tools You Have in New Ways



Project Charter

Project Authorization

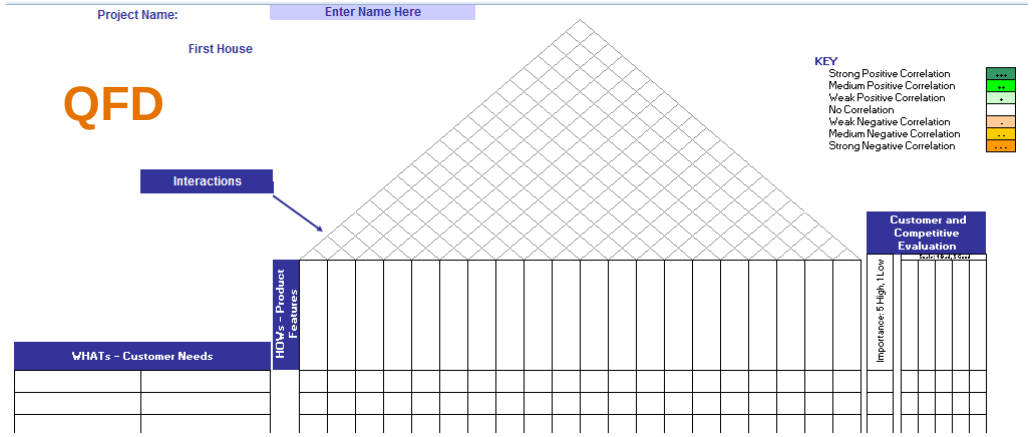
Organization:	Champion:	Proce
Claims Processing Division	Bill Johnson	Sue J

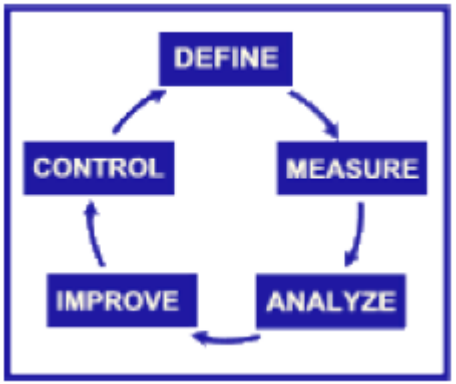
Project: Reduce Claims Cycle Time — Proje: 134

Problem Statement:
Recent interviews with our four largest customers have confirmed that expressed displeasure with our claims processing turnaround time.

Project Objective:
We want to reduce the cycle time for medical claims processing. We ha customers to establish an upper specification of 40 hours for total cycl

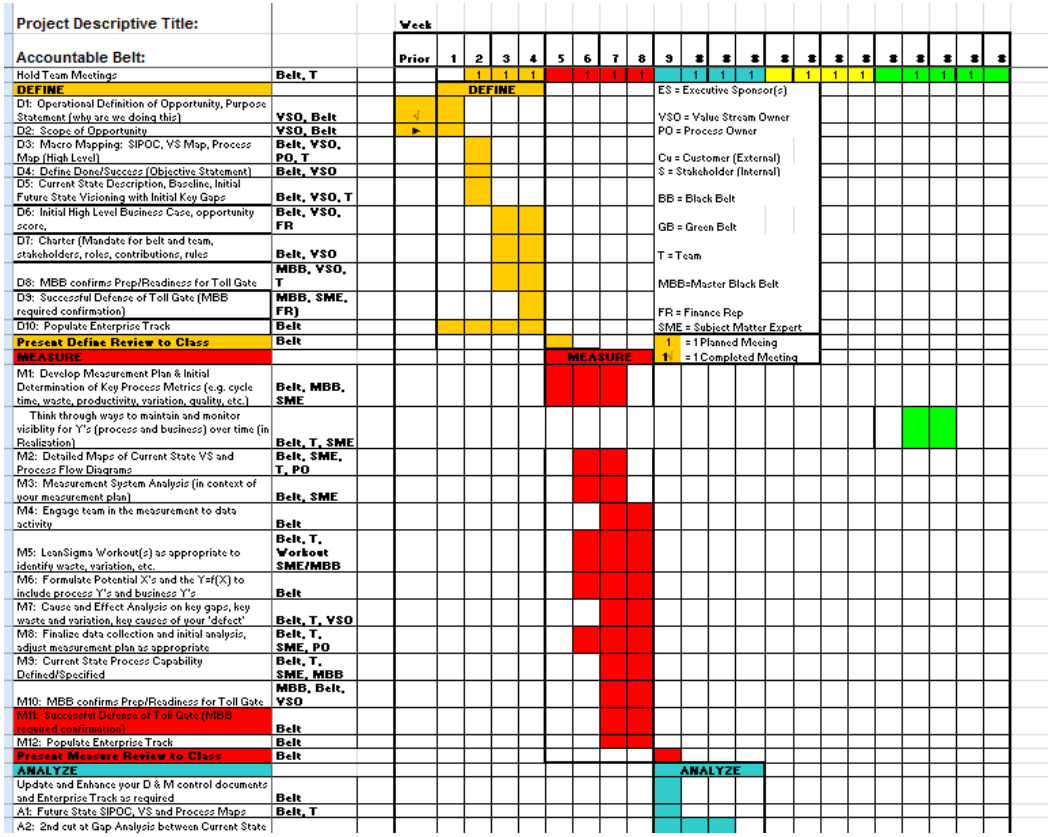
Estimated Defect Level:	Initial Goal:	Estim
750,000 DPMO	100,000 DPMO	$400,





How many tools do you currently use that could inform you about “structure”?

#3: Relentlessly Monitor Execution



Project Descriptive Title:		Week																						
Accountable Belt:		Prior	1	2	3	4	5	6	7	8	9	‡	‡	‡	‡	‡	‡	‡	‡	‡	‡	‡	‡
Hold Team Meetings	Belt, T			1	1	1		1	1	1		1	1	1		1	1	1		1	1	1	
DEFINE				DEFINE																				
D1: Operational Definition of Opportunity, Purpose Statement (why are we doing this)	VSO, Belt																							
D2: Scope of Opportunity	VSO, Belt																							
D3: Macro Mapping: SIPOC, VS Map, Process Map (High Level)	Belt, VSO, PO, T																							
D4: Define Done/Success (Objective Statement)	Belt, VSO																							
D5: Current State Description, Baseline, Initial Future State Visioning with Initial Key Gaps	Belt, VSO, T																							
D6: Initial High Level Business Case, opportunity score,	Belt, VSO, FR																							
D7: Charter (Mandate for belt and team, stakeholders, roles, contributions, rules	Belt, VSO																							
D8: MBB confirms Prep/Readiness for Toll Gate	MBB, VSO, T																							
D9: Successful Defense of Toll Gate (MBB required confirmation)	MBB, SME, FR)																							
D10: Populate Enterprise Track	Belt																							
Present Define Review to Class	Belt																							
MEASURE							MEASURE																	
M1: Develop Measurement Plan & Initial Determination of Key Process Metrics (e.g. cycle time, waste, productivity, variation, quality, etc.)	Belt, MBB, SME																							
Think through ways to maintain and monitor visiblity for Y's (process and business) over time (in Realization)	Belt, T, SME																							
M2: Detailed Maps of Current State VS and Process Flow Diagrams	Belt, SME, T, PO																							
M3: Measurement System Analysis (in context of your measurement plan)	Belt, SME																							
M4: Engage team in the measurement to data activity	Belt																							
M5: LeanSigma Workout(s) as appropriate to identify waste, variation, etc.	Belt, T, Workout SME/MBB																							
M6: Formulate Potential X's and the Y=f(X) to include process Y's and business Y's	Belt																							
M7: Cause and Effect Analysis on key gaps, key waste and variation, key causes of your 'defect'	Belt, T, VSO																							
M8: Finalize data collection and initial analysis, adjust measurement plan as appropriate	Belt, T, SME, PO																							
M9: Current State Process Capability Defined/Specified	Belt, T, SME, MBB																							
M10: MBB confirms Prep/Readiness for Toll Gate	MBB, Belt, VSO																							
M11: Successful Defense of Toll Gate (MBB required confirmation)	Belt																							
M12: Populate Enterprise Track	Belt																							
Present Measure Review to Class	Belt																							
ANALYZE											ANALYZE													
Update and Enhance your D & M control documents and Enterprise Track as required	Belt																							
A1: Future State SIPOC, VS and Process Maps	Belt, T																							
A2: 2nd cut at Gap Analysis between Current State																								

ES = Executive Sponsor(s)
VSO = Value Stream Owner
PO = Process Owner
Cu = Customer (External)
S = Stakeholder (Internal)
BB = Black Belt
GB = Green Belt
T = Team
MBB=Master Black Belt
FR = Finance Rep
SME = Subject Matter Expert
1 = 1 Planned Meeting
1 = 1 Completed Meeting

Conclusion #1:
Don't Be A Slave to Process

- Don't be a slave to project methodology and ignore the structural health of your efforts.
- Being overly dogmatic and a slave to DMAIC or other BPI methodologies sets you up for failure.
- If the structure of your change effort cannot achieve the change if you work harder that doesn't fix structure, it can only fix if you haven't been trying hard enough.
- Learn to discern where the challenge in your projects are

Conclusion #2:
Inadequate Structure is the Priority

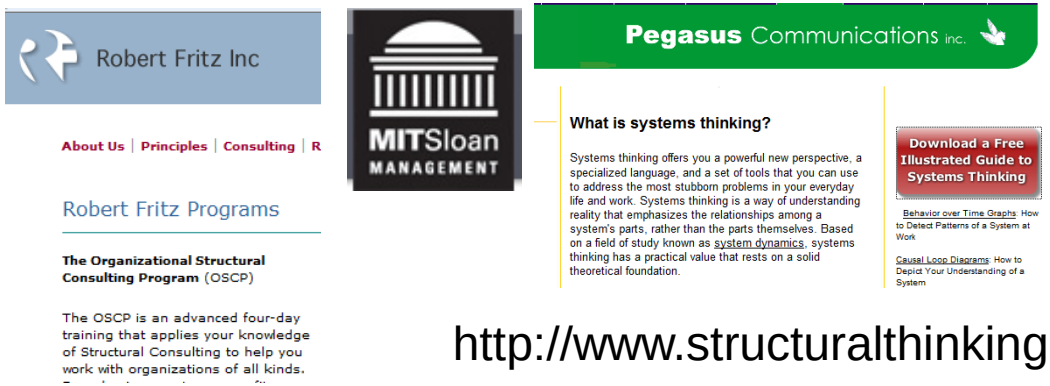
- When structure is inadequate, making it adequate is your highest priority.

- Determine if it can be turned into a structure that can work. If it can't, make a new structure. If something in the structure like the overall plan or design is incapable of achieving the result, even perfect execution won't matter.

- Develop the knowledge, discipline & skill to recognize where the real issues are

Conclusion #3:
Augment Your BPI Skill

1. Your success in BPI so far has come when your skill and structure / design & execution aligned.
   - More frequent and significant success is achievable when the skills of creating effective structure are integrated in your BPI skill set
   - If nothing else, read Senge's "The Fifth Discipline" & Fritz's "Path of Least Resistance for Managers"



http://www.structuralthinking.com/

Final Word

- As internal resources and consultants, we often can’t make changes to the entire structure
- When that happens the reality is you have choices about how to proceed
- Seeing what is really there in the structure is liberating & can lead to greater success

Learning About Structure

- MIT Sloan School of Management – courses (online & class) on Systems Dynamics http://executive.mit.edu/?cid=MIT_Nav_1
- Wharton University of Pennsylvania Center for Leadership & Change Management – recommended reading http://leadership.wharton.upenn.edu/structure/intro/organizational_structure_design.shtml
- Organizational Structural Consulting – Robert Fritz Inc. Next class December 6-9 http://www.robertfritz.com/index.php?content=programsnr&prognr=7
- Society for Organizational Learning http://www.solonline.org/?CoursesPrograms
- Information:
  - Path of Least Resistance for Managers (Robert Fritz)
  - 5th Discipline (Peter Senge)
  - Dance of Change (Peter Senge)
  - Business Dynamics (John Sternman)

http://www.ehow.com/about_6702475_difference-between-organizational-structure-design.html

Seeing Structure in Change

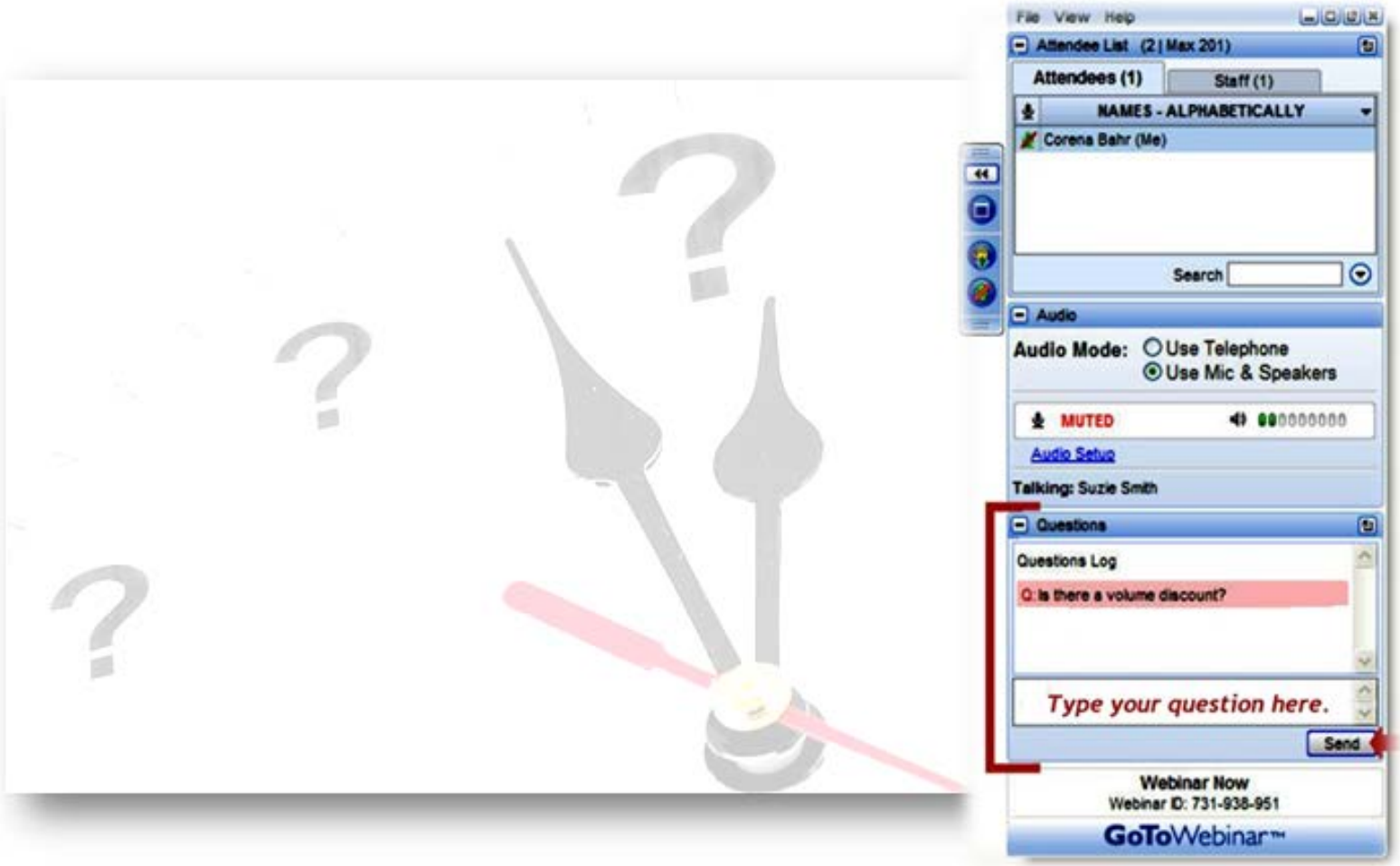
Owner : TKJG

Business Design Architect

Organizational Structural Consultant

With special thanks to Larry Goldman, Dr. Scott Sink, Paul Brown, Robert Fritz, John Sternman and many others for their guidance.

Thank you for joining us



Master Black Belt Program

- Offered in partnership with Fisher College of Business at The Ohio State University
- Employs a Blended Learning model with world-class instruction delivered in both the classroom and online
- Covers the MBB Body of Knowledge, topics ranging from advanced *DOE* to *Leading Change* to *Finance for MBBs*

Resource Links and Contacts

Questions? Comments? We'd love to hear from you.

Kirby James, President – The K James Group
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Larry Goldman, Vice President Marketing – MoreSteam.com
lgoldman@moresteam.com

Join us for our next Webcast on September 27th :

Balance and Bottlenecks and Triggers, Oh My!
Dr. Lars Maaseidvaag, MoreSteam.com

Archived presentations and other materials:
http://www.moresteam.com/presentations/