Six Critical Questions For Driving Enterprise Alignment And Lean Culture

Presenter: Tracy O’Rourke
What are the six critical questions?

Why are the six critical questions important?

How will these questions help organizations on the Lean Journey?

What activities and tools help organizations answer the six critical questions?
A Poll: The Lean Journey

- Not started on the Lean Journey yet or less than a year?
- 1-4 years?
- On the journey over 4 years?
“The work of government is noble. The people of government are amazing. The systems of government are a mess.”

Ken Miller, author of “We Don’t Make Widgets”
An Approach That Is All Too Common

Train a bunch of “experts” – Lean Leaders, Green Belts etc. – so they can solve all your problems.
The Four Dimensions of Lean Culture

1. CULTURAL ENABLERS
2. CONTINUOUS IMPROVEMENT
3. ENTERPRISE ALIGNMENT
4. CUSTOMER-FOCUSED RESULTS
Every Dimension Connects Lean Principles

CUSTOMER-FOCUSED RESULTS
- Create Value for the Customer

ENTERPRISE ALIGNMENT
- Consistency of purpose
- Think Systematically

CONTINUOUS IMPROVEMENT
- Focus on Process
- Assure Quality at the Source

CULTURAL ENABLERS
- Lead With Humility
- Respect Every Individual
An Integrated Approach to Implementing Lean

Each Dimension Supports the Others, and is Built Upon the Others.

Real and Sustained Lean Culture Requires An Integrated Approach Across All Four Dimensions.
**Roadmap Example:**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Results</td>
<td>Q3 2013 - Q4 2014</td>
</tr>
<tr>
<td>Enterprise Alignment</td>
<td>Q1 2014 - Q4 2014</td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>Q1 2014 - Q4 2014</td>
</tr>
<tr>
<td>Culture Relationships</td>
<td>Q1 2014 - Q4 2014</td>
</tr>
</tbody>
</table>

**Timeline:**
- Q3 2013
- Q4 2013
- Q1 2014
- Q2 2014
- Q3 2014
- Q4 2014

**Dimensions:**
- Customer Results
- Enterprise Alignment
- Continuous Improvement
- Culture Relationships
This Session: Focusing on Enterprise Alignment

Having a Strategic Management System aligns the entire organization.

CUSTOMER-FOCUSED RESULTS
ENTERPRISE ALIGNMENT
CONTINUOUS IMPROVEMENT
CULTURAL ENABLERS
Why is Enterprise Alignment Important?
What is it?

A Japanese term *Hoshin* "compass needle" or "direction". *Kanri* means "management" or "control".

Hoshin Kanri is two-fold:

1) A systematic planning methodology for defining long-range key entity objectives. These are breakthrough objectives that typically extend two to five years.

2) Managing the day-to-day work required to run the business successfully.
Continuous Improvement Efforts

The training first approach, can cause false starts due to lack of planning.

- Develop Vision
- Develop Mission Statement
- Create Organizational Values
- Establish Outcomes, Goals and Initiatives
- Select Measures
- Develop Scorecards, Dashboards
- Filter and Prioritize Opportunities
- Train Lean Leaders
- Select Processes
Six Critical Questions

1. Who are we and where are we going as an organization?
2. How do we measure performance against what’s important?
3. How are we doing?
4. How do we decide where to focus our efforts & allocate resources?
5. What actions do we take to improve our ability to achieve our desired outcomes?
6. How do we sustain improvements and ensure our efforts are making an impact?
Question 1:
Who are we and where are we going as an organization?

Vision, Mission, Values, and Outcomes, Goals Initiatives
True North

- **A Vision:** What the future will look like and what the company will become
  
  “What do you want to be when you grow up?”

- **The Mission:** A concise statement developed from the customer’s perspective that answers three questions:
  - What do we do?
  - How do we do it?
  - For whom do we do it?
Organizational Values: Southwest

We operate with a Warrior Spirit, a Servant’s Heart, and a Fun-LUVing Attitude.
Organizational Values: Toyota

Customer First: We forge partners with our customers and strive to exceed their expectations.

Global Perspective: Learning from the best in the world, we aim to become the best in the world.

Encouraging Teamwork: We recognize the human worth of each individual and collaborate to achieve

Welcoming New Challenges: Unbound by convention, we embrace the challenge of creation.

Encouraging Professional Excellence: We develop our strengths and think and act responsibly.
Toyota knows that the key to successful Lean transformation is culture…

…and culture cannot be copied.
Organizational Values Reflection

◆ Does your organization have values?
Does your organization have values?
If so, do employees breathe the values?
Does your organization have values?
If so, do employees breathe the values?
Do leaders enforce the values?
“When I started my organization, nobody told me that half of my energy would be spent building it, and the other half would be spent protecting and defending it against all of the things other people wanted it to be.”

-Excerpt from Boundaries for Leaders

By Dr. Henry Cloud
How Do We Achieve the Vision?
Clarity Map

**Vision**
What we aspire to be?

**Mission**
Why do we exist?

**Values**
What values do we live by?

**Visionary 3-5 year outcomes we desire for the organization**
- Customer Outcomes
- Financial Stewardship Outcomes
- Process Outcomes
- Employee Outcomes

**Strategic Success Measures**
- Key Customer Measures
- Key Budgetary/Financial Measures
- Key Employee Measures
- Key Process Measures
City of SeaTac Clarity Map

Vision: The City of SeaTac is a premier global community offering a solid, sustainable economy and a healthy, inclusive, and vibrant quality of life.

The mission of the City of SeaTac is to deliver high value services in a financially responsible manner that enhances a safe, healthy and sustainable quality of life in partnership with the community.

Values:
- Service
- Integrity
- Teamwork
- Accountability

Key Measures
- Resident satisfaction
- Progress on City Council goals
- Community engagement
- Employee alignment
- Employee capability
- Employee engagement
- Long term financial stability
- External financial validation
- Lifecycle cost of assets
- Economic development index
- Compliance index

Top 3-5 Year Outcomes

Achieve City Council Goals

Enhance our Community

Foster Employee Engagement

Sustain Financial Health & Stability

Build Infrastructure and Promote Development
VISION
The City of SeaTac is a premier global community offering a solid, sustainable economy and a healthy, inclusive, and vibrant quality of life.

MISSION
The mission of the City of SeaTac is to steward the public’s trust and deliver high value services in a financially responsible manner that enhances a safe, healthy and sustainable quality of life in partnership with the community.

VALUES
SERVICE
We deliver effective, quality and enduring service to all.

INTEGRITY
We maintain a foundation of trust by being honest, respectful and true to our word.

TEAMWORK
We work together to accomplish great results by valuing and respecting each other, being empathetic and communicating openly in the spirit of innovation.

ACCOUNTABILITY
We embrace transparency, responsibility and ownership in our decisions and actions.

TOP 3-5 YEAR GOALS
ACHIEVE CITY COUNCIL GOALS
Embrace and achieve City Council goals and policy direction.

ENHANCE OUR COMMUNITY
Enhance the livability of SeaTac by working hand in hand with community members and partners to create a safe, active and attractive city.

FOSTER EMPLOYEE ENGAGEMENT
Foster an environment where team members are engaged, informed, empowered and recognized for their value.

SUSTAIN FINANCIAL HEALTH & STABILITY
Continually improve upon the successes of today to ensure a balanced, healthy, and stable financial future for delivery of services.

BUILD INFRASTRUCTURE; PROMOTE DEVELOPMENT
Build and maintain enduring public infrastructure and promote economic development opportunities to enhance connectivity and quality of life.
“The essence of strategy is choosing what not to do. ”

- Michael E. Porter
Organizational Reflection

Based on the organization’s mission, vision, values, goals and initiatives

<table>
<thead>
<tr>
<th>Stop</th>
<th>Start</th>
<th>Continue</th>
</tr>
</thead>
<tbody>
<tr>
<td>What should the leadership team &amp; organization STOP doing?</td>
<td>What should the leadership team &amp; organization START doing?</td>
<td>What should the leadership team &amp; organization CONTINUE doing?</td>
</tr>
</tbody>
</table>
Question 2: How do we measure performance against what is important?

Scorecards, Dashboards and Daily Management Boards
Measurement at the strategic level…

fuels measurement at the tactical level
Enterprise Alignment Implementation

Organization
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Output Measures
  - Process Measures

Department
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Output Measures
  - Process Measures

Team
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Output Measures
  - Process Measures

Individual
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Output Measures
  - Process Measures

Catchball helps engage employees and open communication lines
### Top Line Scorecard Sample

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>Target</th>
<th>Status</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve City Council Goals</td>
<td>100%</td>
<td>0.0%</td>
<td>🟢</td>
<td>↓</td>
</tr>
<tr>
<td>Enhance Our Community</td>
<td>$0</td>
<td>$0</td>
<td>🟢</td>
<td>⇨</td>
</tr>
<tr>
<td>Foster Employee Engagement</td>
<td>0.0%</td>
<td>0.0%</td>
<td>🟢</td>
<td>⇨</td>
</tr>
<tr>
<td>Sustain Financial Health and Stability</td>
<td>0.0%</td>
<td>0.0%</td>
<td>🟢</td>
<td>⇨</td>
</tr>
<tr>
<td>Build Infrastructure and Promote Development</td>
<td>0</td>
<td>0</td>
<td>🟢</td>
<td>⇨</td>
</tr>
</tbody>
</table>

#### Financial Health and Stability

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>Target</th>
<th>Status</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Financial Stability</td>
<td>0</td>
<td>0</td>
<td>🟢</td>
<td>⇨</td>
</tr>
<tr>
<td>External Financial Validation</td>
<td>0</td>
<td>0</td>
<td>🟢</td>
<td>⇨</td>
</tr>
</tbody>
</table>
Map core processes, identify customers and key measures

Organizational Value Streams

Managing Change
Ensuring Compliance
Manage Technology
Lead Employees
Manage Finances
Manage Vendors

Develop Products and Services
Sell Products and Services
Enroll Clients
Adjudicate Claims
Manage Relationships
Support Customers

INTERNAL CUSTOMERS
EXTERNAL CUSTOMER
What Are Customers And Stakeholders?

Definitions:

◆ Customers:
  — User: Individuals or organizations who use or receive products, services from your process. Customers can be internal or external to the organization.
  
  — Payer: Individuals or organizations who pay for your products and services (usually external customers)

◆ Stakeholders:
  — Any person or organization that has a stake or interest in the outcomes of a product or service, but is not recipient of these products and services, ie. policy interest

In many areas of government, processes are designed for stakeholders.
### Core Process: Open Parks

<table>
<thead>
<tr>
<th>Output</th>
<th>Customer/ Stakeholder</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ready to Use</td>
<td>Customers:</td>
<td>• Feel safe</td>
</tr>
<tr>
<td>• Clean &amp; Safe</td>
<td>• Park Patrons</td>
<td>• Clean environment</td>
</tr>
<tr>
<td>• Special Requests completed</td>
<td>• Sports Field Users</td>
<td>• Correct setup</td>
</tr>
<tr>
<td></td>
<td>Stakeholders:</td>
<td>• Prepped field</td>
</tr>
<tr>
<td></td>
<td>• Maintenance (if safety)</td>
<td>• Visually appealing</td>
</tr>
<tr>
<td></td>
<td>• Supervisor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Director</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Park use #’s</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reputation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• City Comparable</td>
</tr>
</tbody>
</table>

Customer and Stakeholder Requirements are not always the same!
What is a Dashboard?

Dashboard – A visual scorecard with primary measures to be monitored on an ongoing basis.

Create dashboards by process not by Department/Function.
The goals of Daily Management Boards is to connect people to the processes they perform, communicate successes and issues in the work area and show goals versus actual performances.
Tiered Metrics Connect the Organization

Organization
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Outcome Measures
  - Process Measures

Department
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Outcome Measures
  - Process Measures

Team
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Outcome Measures
  - Process Measures

Individual
- Strategic Success
  - Outcome Measures
- Day to Day Success
  - Outcome Measures
  - Process Measures

Balanced Scorecard
- Strategic Success
  - Outcome Measures
  - Process Measures

Process Dashboards
- Strategic Success
  - Outcome Measures
  - Process Measures

Daily Visual Management Boards
Question 3: How are we doing?

Tiered Metrics Review
Process and Metrics Review

- Create a sustainable review process
- Calendar and Implement the process
- Quarterly Review: Balanced Scorecards
- Monthly and/or Weekly Review: Process Dashboards

These elements should be items included in the 18 month Roadmap.
Question 4: How Do We Decide Where to Focus Our Efforts and Allocate Resources?

Project Types, Prioritization Tools
Organize to Mobilize

- Prioritize Opportunities
- Filtering Tools
- Project Prioritization
- Allocate Proper Resources
- Portfolio Management
What issues and opportunities align with strategic intent?
Several Types of Organizational Efforts

- Revolutionary: Large breakthrough multi-year effort
- Evolutionary: Mid-size cross-functional efforts
- Incremental: Smaller day-to-day, quick hits and departmental improvements
Impact Effort Matrix

- Filter based on two factors
  - How much effort is needed?
  - What is the impact?

- Useful in screening and narrowing possibilities
Plot each option on scales for Impact and Effort

### Impact Effort Matrix

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Impact</th>
<th>Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SAM Cleanup</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Pole numbering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 HATS too slow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Service order cycle Time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Eliminate wait time/long lines at service centers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Invalid usage (unbilled)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Clean up existing Service Orders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Errors in HATS on Service Orders/MP Orders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Multiple Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 WSA BTC + External Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Directory Updates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Disputes Clean up</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Out of service customer cleanup</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 DSL disconnection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Vibe disconnection</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Ease & Impact Matrix graph]

- Project 3 (HATS too slow) has an Impact of 3.4 and an Effort of 6.3.
- Project 10 (WSAs BTC + External Customers) has an Impact of 6.9 and an Effort of 7.4.
- Other projects have different combinations of Impact and Effort values.
### Criteria Matrix

This matrix works well if project selection is dependent on multiple criteria.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Criteria Weight</th>
<th>Incoming TOA</th>
<th>Managed Accounts</th>
<th>New Accounts</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top/Bottom Line Impact</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Talented Resources Available</td>
<td>10</td>
<td>3</td>
<td>3</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Improves Client Experience</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Managed/Controlled Within Ops</td>
<td>9</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>A Good Project To Learn</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Scoped Appropriately within 5 months</td>
<td>8</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Data is Available/Accessible</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>330</strong></td>
<td><strong>320</strong></td>
<td><strong>390</strong></td>
<td><strong>282</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Champion**

- Marc Ehlers
- Pat Johnson
- Gary LaBarbera
- Edward
- Patricia
Question 5:
What Actions Do We Take to Improve Our Ability to Achieve Our Desired Outcomes?

Project Approaches, Project Implementation and Tracking
What is Process Improvement?

Time spent working ON the process versus working IN the process

A Few Guidelines:
• Focus on the process, not the people
• Involve the people that work in the process
• As a leader, don’t solve the problems for your people, instead, help them grow a problem-solving muscle
Determine the approach:

- Just Do It
- Gemba Walks
- Kaizen Events
- DMAIC Projects
### Goals & Initiatives

<table>
<thead>
<tr>
<th></th>
<th>Asset Movement (Sub-track 1)</th>
<th>Progress/Status</th>
<th>R-Y-G</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Expand capability to enable internal transfer of funds (journal) between a High Yield Investor Checking and any Brokage account</td>
<td>- Developing user requirements, including documentation of business rules</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Asset Movement (Sub-track 2)</td>
<td>- Develop capability to enable internal transfer of funds (journal) between any two High Yield Investor Checking accounts</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asset Movement (Sub-track 3)</td>
<td>- Develop capability to enable external transfer of funds (MoneyLink/ACH) between High Yield Investor Checking account and an account at another financial institution</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Asset Movement (Sub-track 4)</td>
<td>- Enhance Pay Income feature to offer other channels for handling income distribution for all accounts</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Asset Movement (Sub-track 4)</th>
<th>Progress/Status</th>
<th>R-Y-G</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Remote Deposit Capture</td>
<td>- Deployed technology to B/D Ops (Orlando &amp; Phoenix) in July.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Deposit Flows (PA)</td>
<td>- Align deposit hold policy and processing between B/D and Bank (leverage result of 6-Sigma Deposit Hold Policy Project)</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Bank Deposits at B/D Ops Centers</td>
<td>- Add capacity to handle increasing Bank deposit volume leveraging existing B/D operational process and infrastructure</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>E-mail Deposit Receipts</td>
<td>- Implemented the processing of Bank deposits at B/D Ops (Orlando &amp; Phoenix) in August.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>E-mail Alerts</td>
<td>- Completed testing (QA &amp; UAT) in October.</td>
<td></td>
</tr>
</tbody>
</table>

- Planned for production release in November.
Question 6: How Do We Sustain Improvements and Insure Our Efforts Are Making an Impact?

Process Performance, Process Adherence, Leadership Behaviors and Leader Standard Work
The Three Legged Stool of Sustainability

Lean Culture
Sustainability

Leader Standard Work
Process Performance
Process Adherence
Use Scorecards, Dashboards and Daily Visual Management Boards to track performance.
Process Adherence

Questions:

- Does the process exist?
- Are employees adhering to the process?
- Is the process sufficient in meeting customer needs?

How?

- Managing at a glance – Visual Management
- Make problems visible – Expose process abnormalities
- Conduct Gemba Walks – Observe and ask
- Look for non-standard work, labor, inventory, and output
Leadership Behaviors

◆ Commit and Defend Organizational Values
  — What you create and what you tolerate is the culture

◆ Integrate the five practices of exemplary leadership
  — Evidence backed correlation to employee engagement
Leadership

- Integrate Lean Leader Tools/Leader Standard Work
  - Scorecard & Dashboard Reviews
  - Gemba Process Walks
  - Reflection Meetings
  - Daily Management Boards

Primary Leader Role:
Build the problem-solving muscle of your people
Who owns the three-legged stool of sustainability?
Driving Enterprise Alignment

CUSTOMER-FOCUSED RESULTS

ENTERPRISE ALIGNMENT

CONTINUOUS IMPROVEMENT

CULTURAL ENABLERS

Aligns goals and measures throughout the organization
Six Critical Questions

1. Who are we and where are we going as an organization?

2. How do we measure performance against what’s important?

3. How are we doing?

4. How do we decide where to focus our efforts & allocate resources?

5. What actions do we take to improve our ability to achieve our desired outcomes?

6. How do we sustain improvements and ensure our efforts are making an impact?
1. Who are we and where are we going as an organization?

2. How do we measure performance against what’s important?

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6. How do we sustain improvements and ensure our efforts are making an impact?
Enterprise Alignment Actions on the Roadmap
Each Dimension Supports the Others, and is Built Upon the Others.
Don’t say “I can’t because…”

Say, “I could if…”

-Amy Besel

Department of Social and Health Services
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