

09:10 October 14th 2010 Union Jack Club London



Stephen Parry
CEO See Business Differently

Lean IT

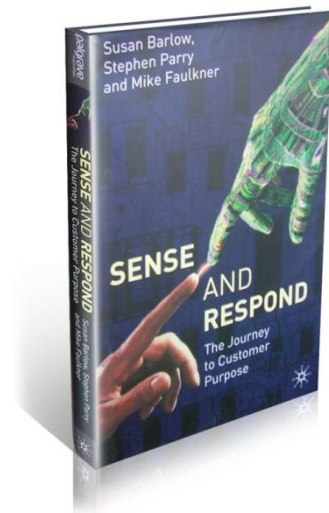
From development to business outcomes

Stephen Parry is an industry thought leader in Lean Service Transformation and Change and is the CEO of See Business Differently

*Author of Sense and Respond:
The journey to customer purpose*

Visiting Fellow to the Lean Enterprise Institute

Former Head of Strategy and Change at Fujitsu Services.



see business differently

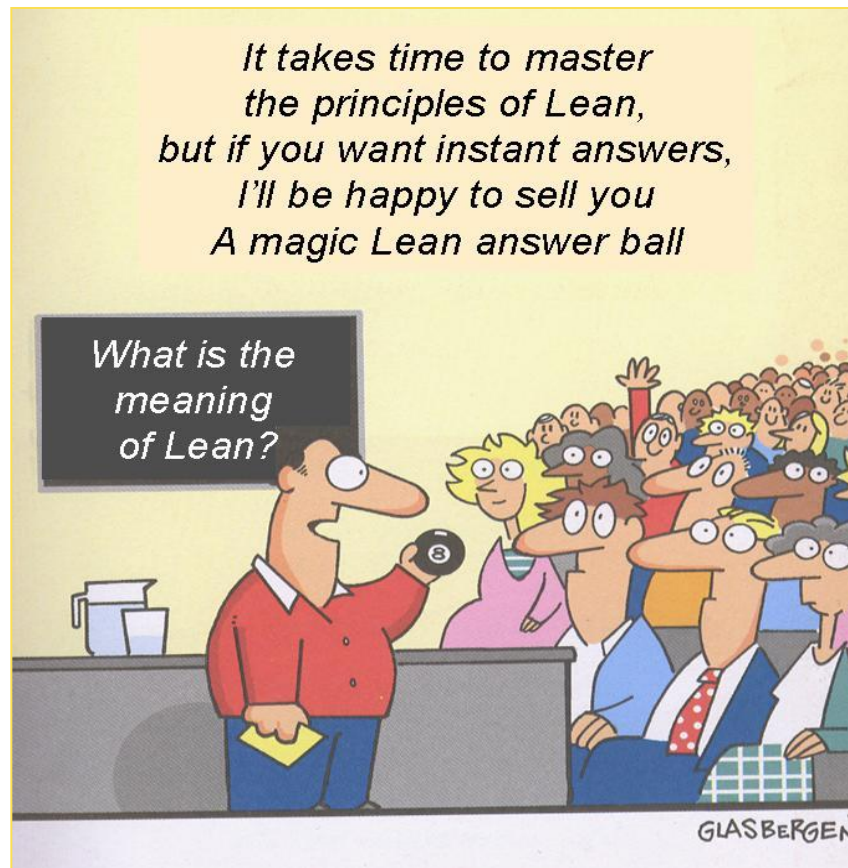
End-to-end joined up value flow

- **What is Lean? – Separating myth from reality**
- **Lean principles and history**
- **We don't make cars!**
- **What is a Value-Stream?**
- **Defining and measuring Value**
- **Making value flow**
- **Measuring the flow of value**
- **Case Studies**

Separating myth from reality

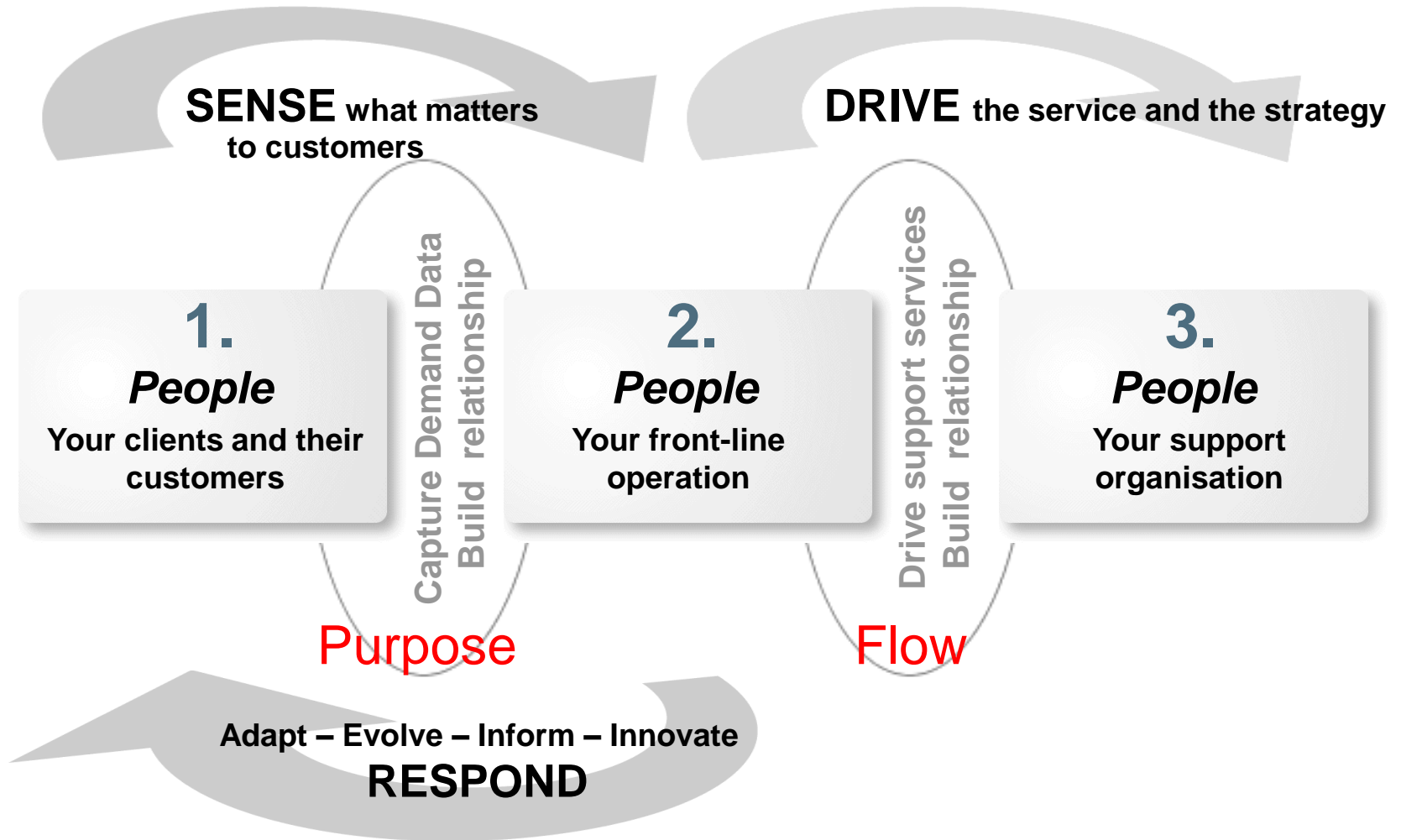
Lean Myth Busters:

- 1) You won't find Lean in the tools and methods.
- 2) It's not about optimising waste is about optimising value.
- 3) It's not about managers fixing everything it's about the staff owning and solving problems.
- 4) It's not only about processes it's about the whole service model.
- 5) It's not about efficiency at all costs it's about effectiveness at the right cost.
- 6) This incorporates development and innovation.



Lean principles and its history

Sense and Respond Lean Approach



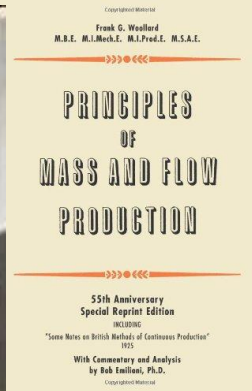
Lean History



Henry Ford

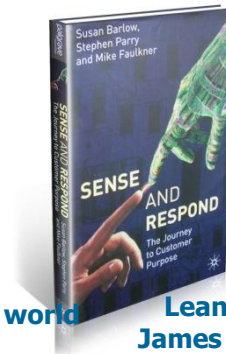


First production plant set up in 1913



Frank Wollard 1920

The Machine that changed the world James P. Womack, Daniel T. Jones 1990



Lean Solutions James P. Womack, Daniel T. Jones. 2006



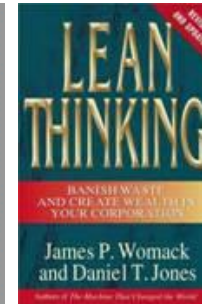
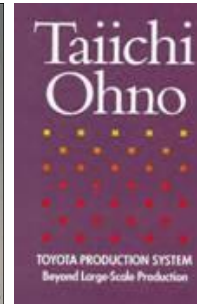
Kiichiro Toyoda



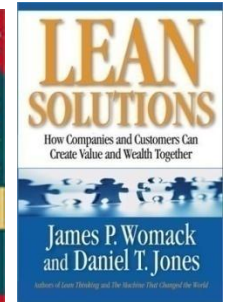
Taiichi Ohno



Toyota Production System Taiichi Ohno 1978



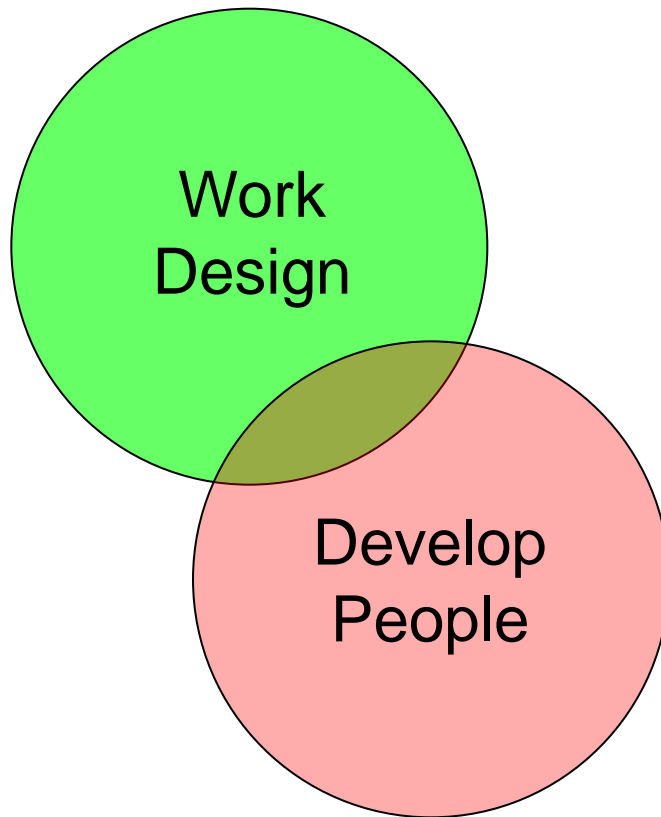
Lean Thinking James P. Womack, Daniel T. Jones. 1996



see business differently

TPS was developed between 1945 and 1970 and it is still evolving today.

Lean resides in the workforce doing the day to day job.



Develop people through
Lean Leadership
Conversations:

Not “do it my way”.

Not “do it your way (but be sure to
make your numbers)”. But instead...

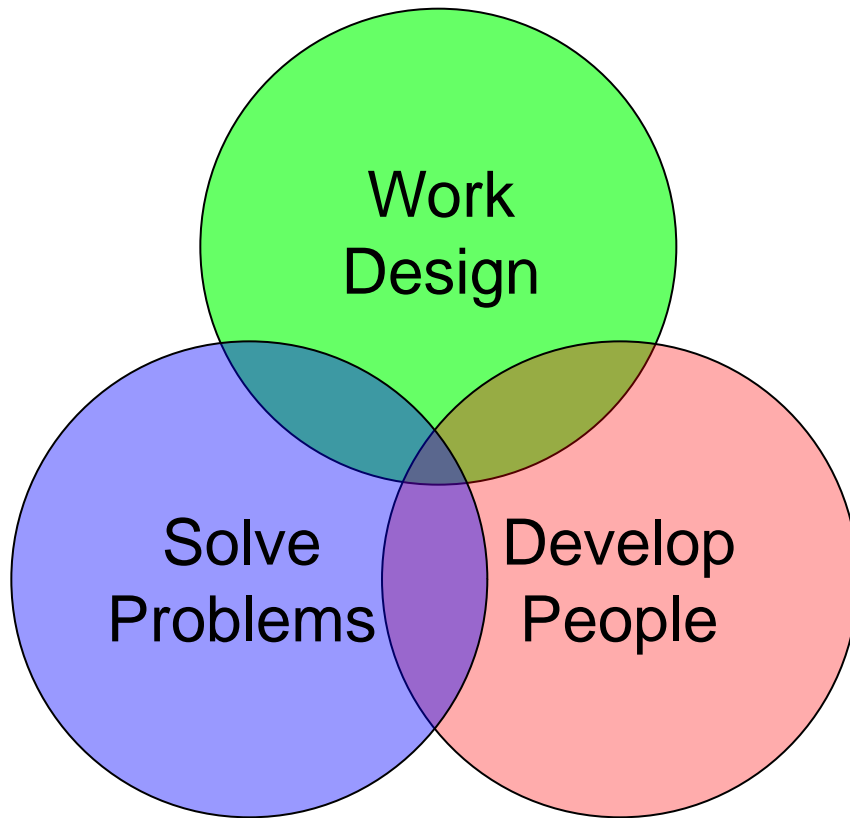
“Let’s get agreement on our purpose
and the processes that achieve our
purpose.”

“Let’s transform processes together.”

But remember, It’s the Employee who
takes responsibility for defining and
solving the problem.

มโนทัศน์
see business differently

Lean resides in the workforce doing the day to day job.



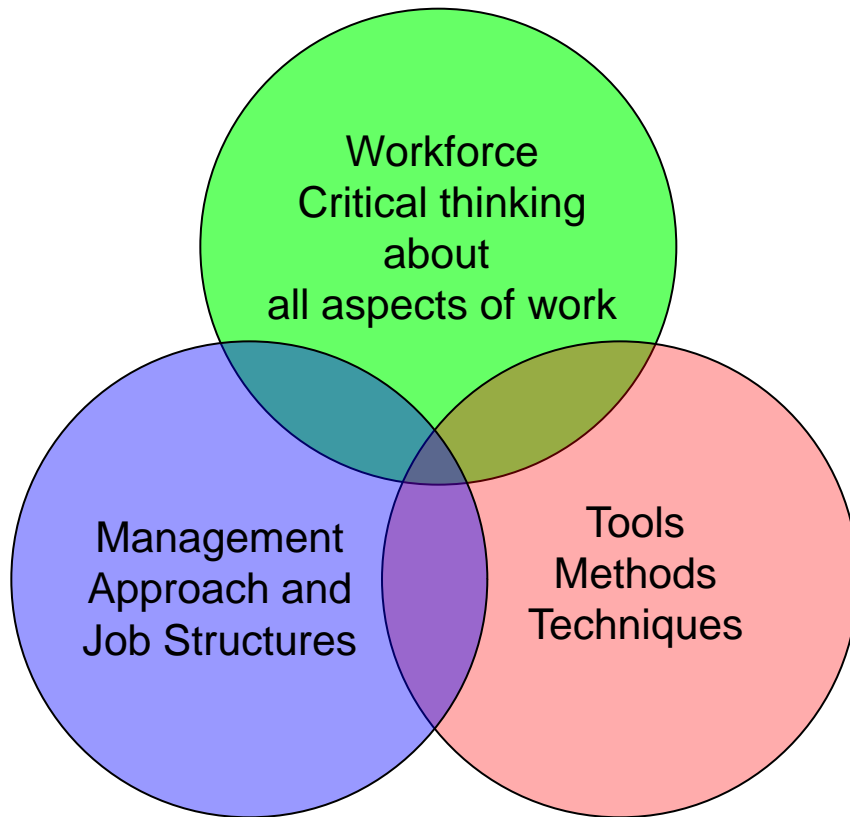
Problem solving employees:

Tools.

Techniques.

Methods.

Lean resides in the workforce doing the day to day job.



Problem solving employees:

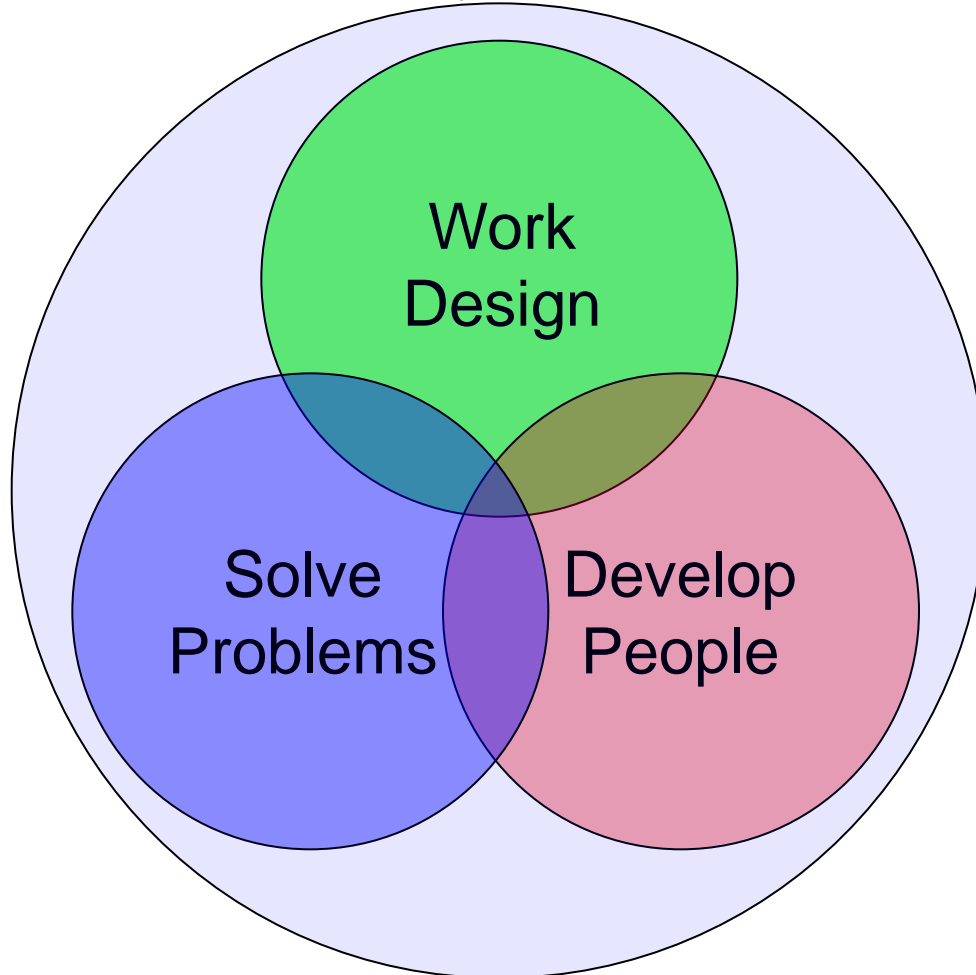
Tools.

Techniques.

Methods.

Lean resides in the workforce doing the day to day job.

Organisational System



The Organisational System:

Is designed to Surface Problems

Is Data Driven

Measures End-to-end capability

Develops Value Delivery capability.

Continuous Change not improvement.

Lean: A Problem Solving Organisation

- *Traditional organisations tend to keep problems hidden... you must not admit them,.... If you do then YOU become the problem.*
- *Lean is a whole organisation or system which is designed to surface problems so that teams can solve them,.... the assumption being that the problem is the 'System' not the people.*

What is Sense and Respond?

- Simply put –

Lean is an approach in which the direction and goals of an organisation is entirely guided and driven by the:

- Measures of Customer Purpose.
- Measures of Customer Value.
- Measures of End-to-end Value FLOW

What type of service climate do you create for customers, employees, managers and leaders?

Company **pushes** products and services **ON-COMMAND**
Customers and employees are designed out

Make and Sell Organisation (Mass Production)

Transactional
and processed

Incentivised
contribution

Functional
efficiency

Direct
and control

Customer/User
experience

Employee motivation

Support operations

Executive leadership

Relational
and personal

Willing
contribution

End-to-end
effectiveness

Listen
and adapt

Sense and Respond Organisation (Lean)

Customer **pulls** products and services **ON-DEMAND**
Customers and employees are designed in

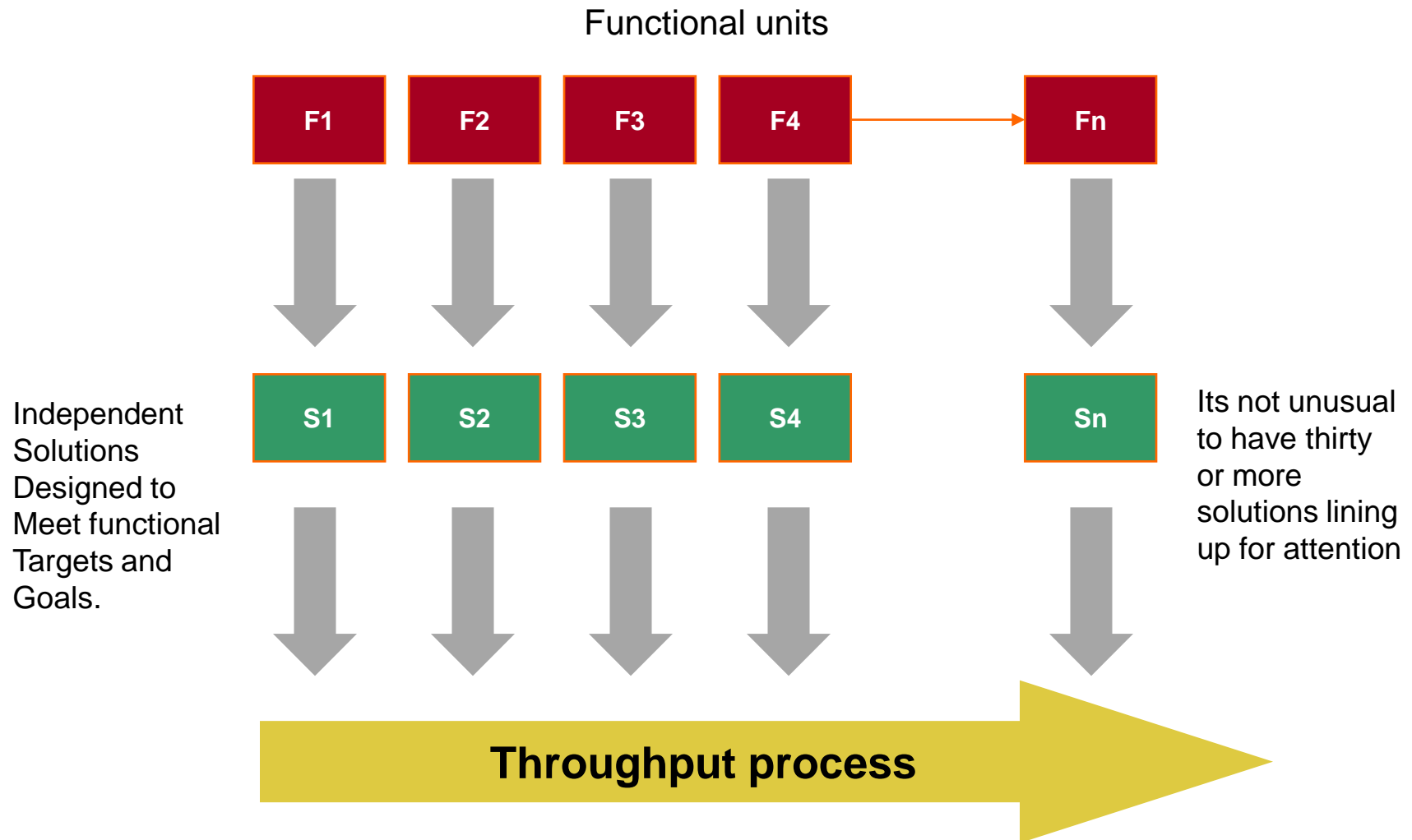
The Behaviours, Measures and Purpose are different.

see business differently

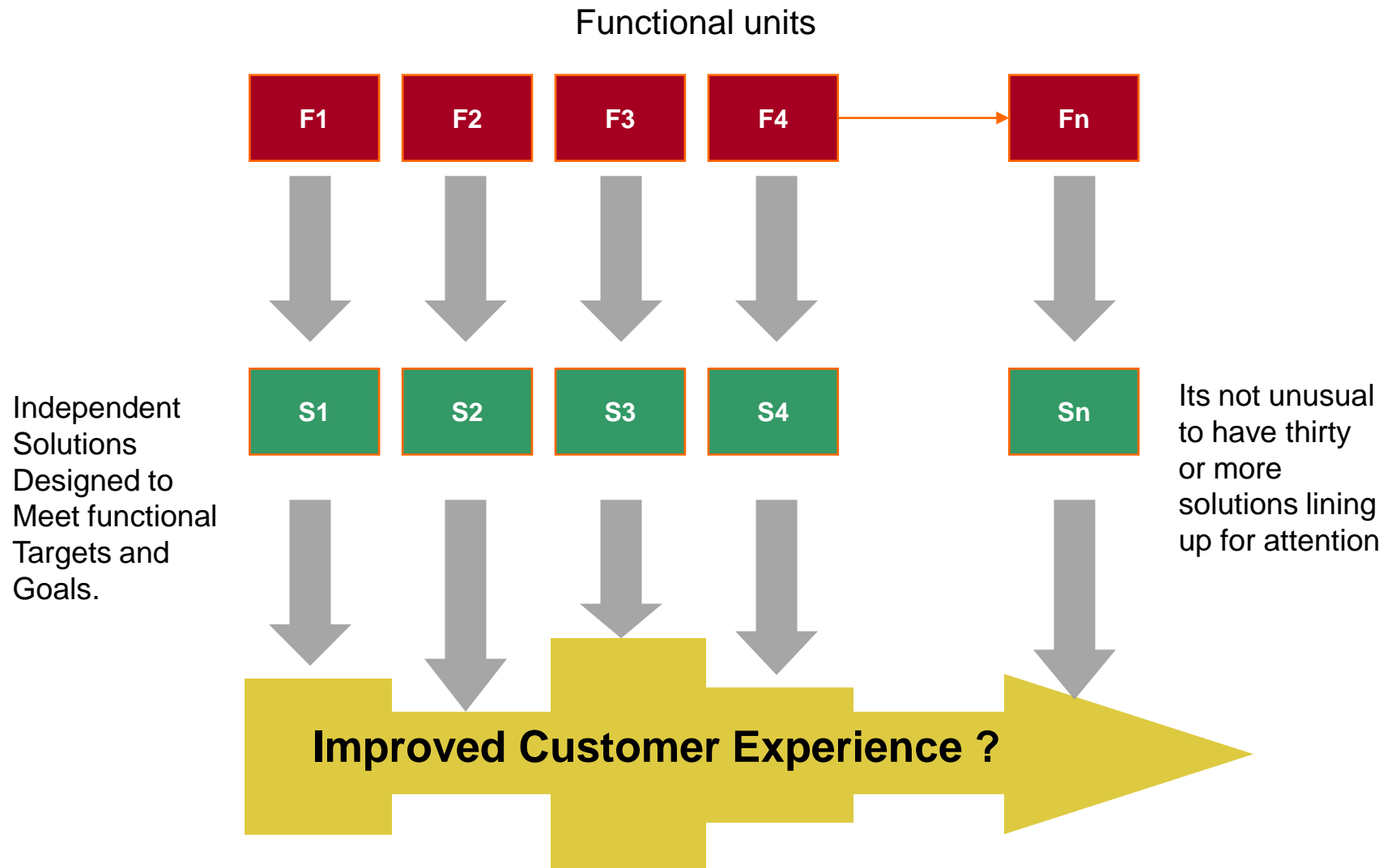
You may say, we don't make cars!

**I ask, then why do you design your
organisation as if you do?**

Traditional approach: Feasible parts creating an infeasible whole.



Traditional approach: Feasible parts creating an infeasible whole.



**The customer/service user challenge:
They don't have time.....they say things like:**

Solve my problem, completely.

Don't waste my time or cause me hassle.

Minimise the cost of doing business with you.

Provide exactly what I need and deliver value where I need it.

Reduce the number of decisions I must make to resolve my problems.

Don't get me to help you, I want you to help me!



think
s differently

Adapted from Lean Solutions: Jim Womack and Dan Jones by Stephen Parry

Question:

What would ICT and Application Development organisations do if they had to pay for all the operational and service user time they wasted?



Adapted from Lean Solutions: Jim Womack and Dan Jones by Stephen Parry

**Making work flow through
development, delivery, use and
support to create customer business
outcomes**

Optimising the provision of service for service users

Solve my problem,
completely.

Don't waste my time
or cause me hassle.

Minimise the cost of
doing business with you.

Provide exactly what I
need, where I need it,
when I need it.

Reduce the number of
decisions I have to make.

Don't get me to help you,
I want you to help me!

Service User Business Process

Specify value from the standpoint of the end customer.

Identify all the steps in the value stream eliminating every step and every action and every practice that does not create value

Delivery Process

Make value-creating steps occur in a tight and integrated sequence so the product/service will **flow** smoothly toward the customer

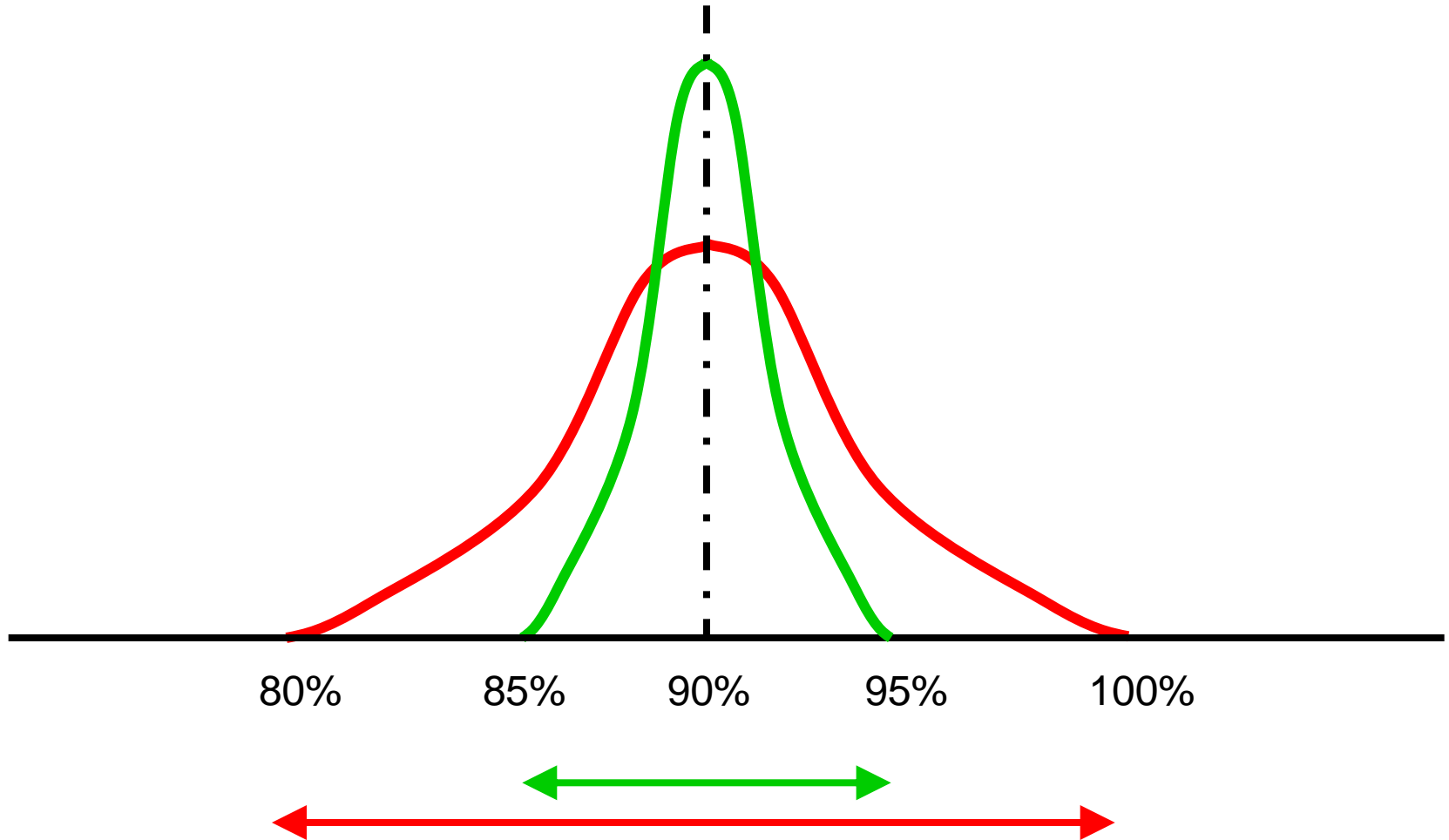
Let customers **pull** value from the next upstream activity.

Pursue Perfection. These steps lead to greater transparency, enabling teams to eliminate further waste

Measurement of Value

What do you measure in a Lean Environment?

Does the customer experience the average ?



Customer and People Measures:

Flow

End to End

Functional

No

Matters to Customers

Yes

Purpose

Value

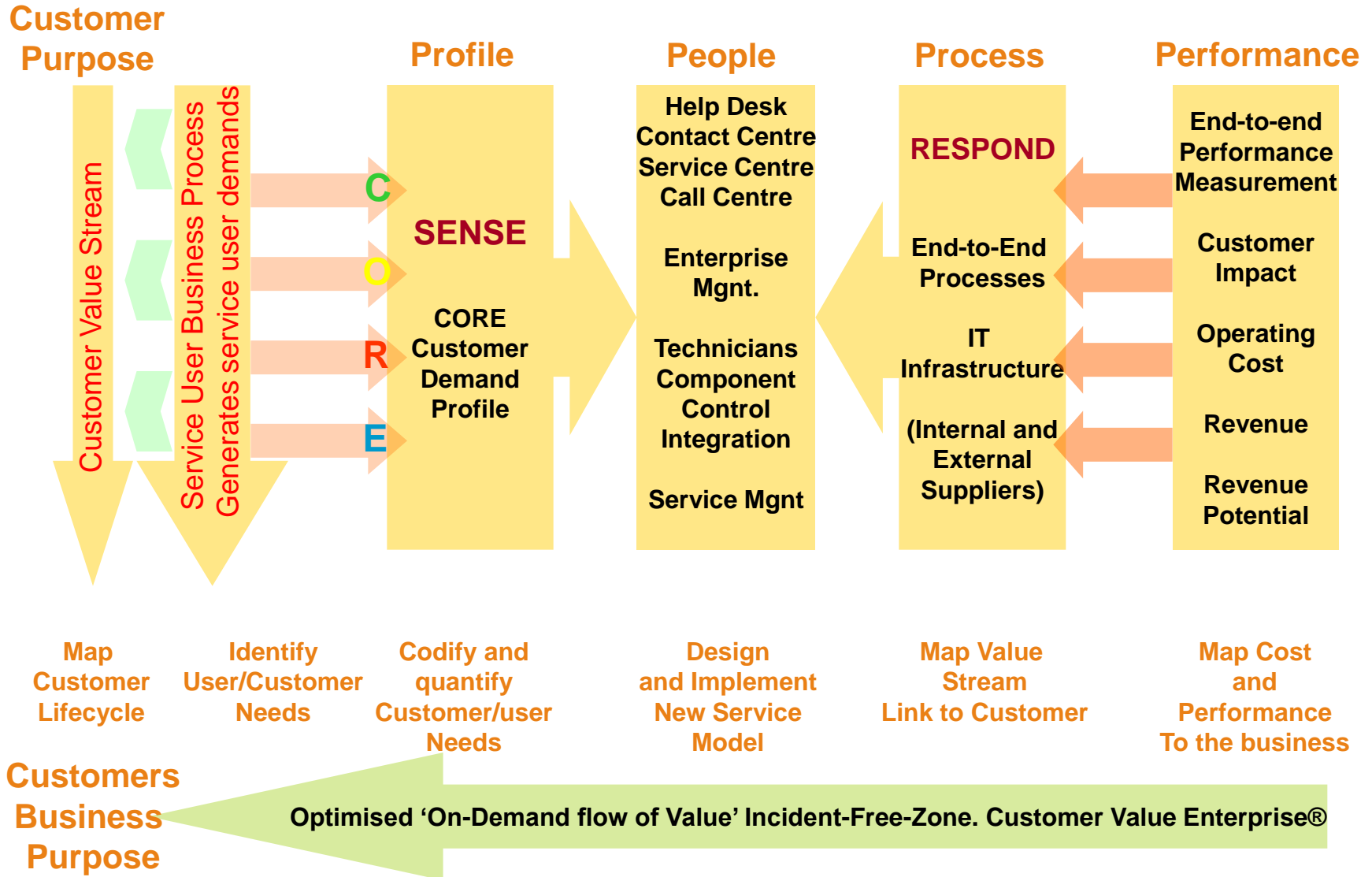
*You'll not find many measures
in this zone.*

*'If you measure your
service using averages,
you will deliver an
average service.'*

motient
see business differently

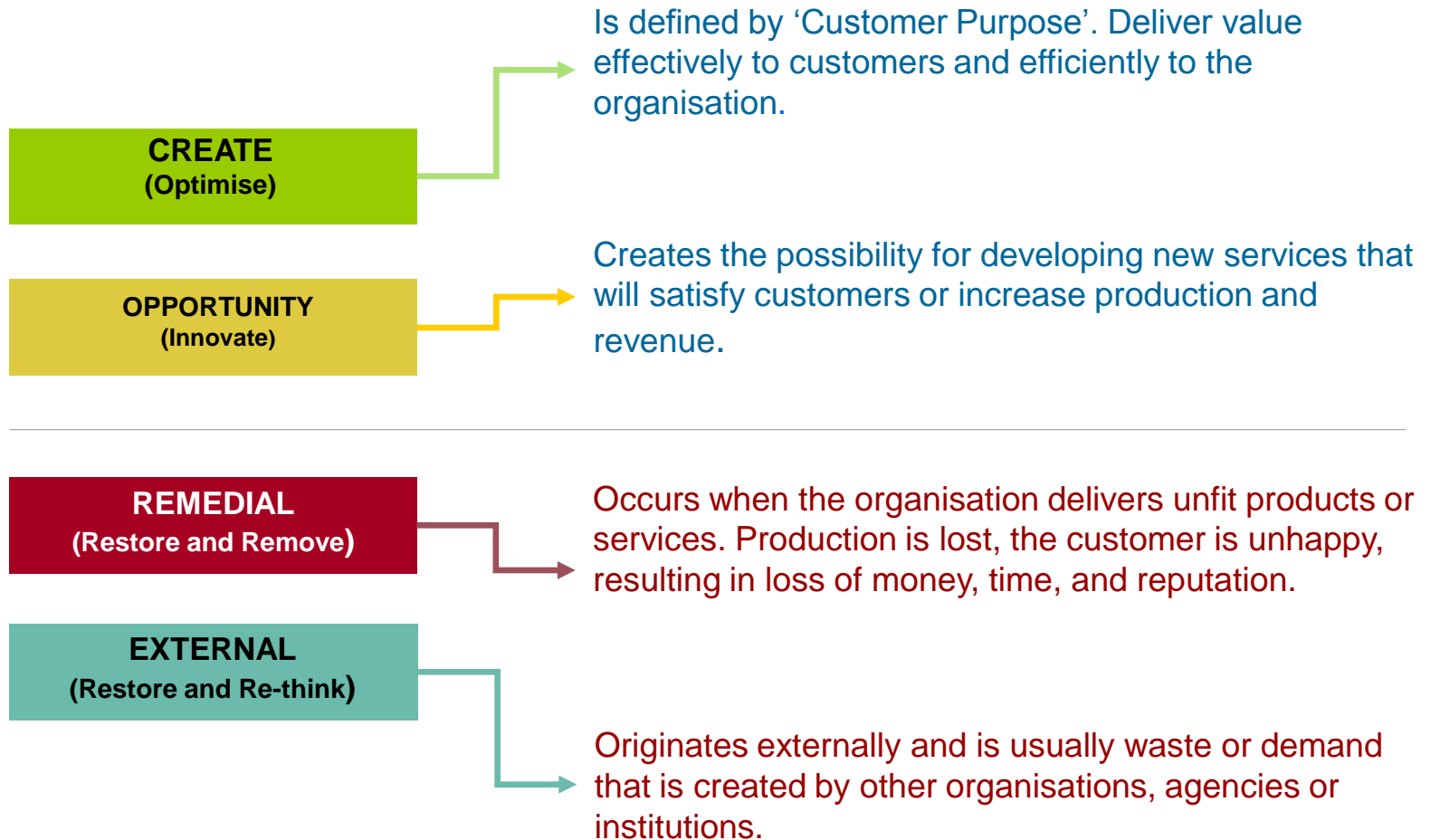
Seeking out the flow of value

Six Steps to a new service and a new operating model.



Defining customer purpose and customer value

CORE Profile: Value definitions

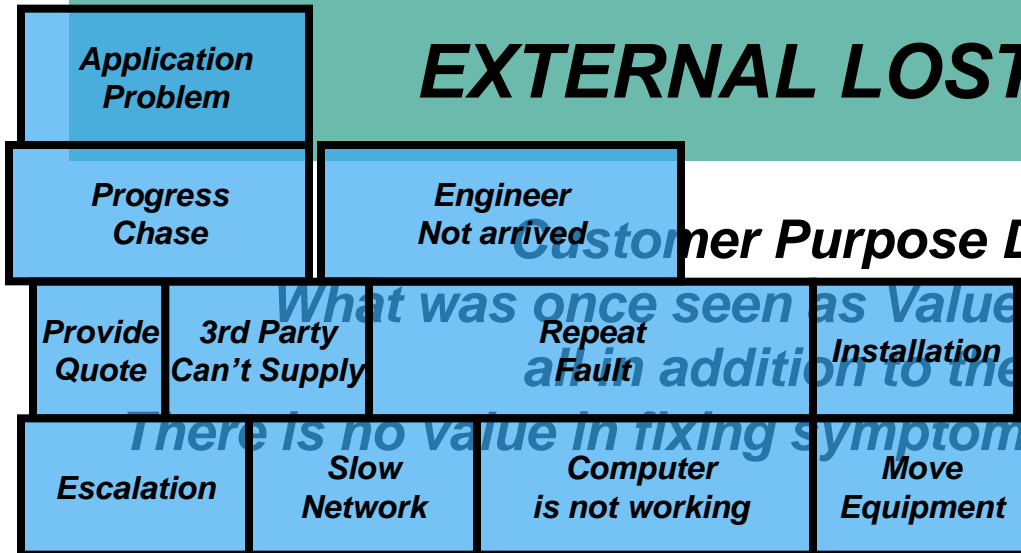


CREATE VALUE BIN

Nothing in here because no one was looking
OPPORTUNITY TO CREATE VALUE BIN

RESTORE LOST VALUE BIN

EXTERNAL LOST VALUE BIN



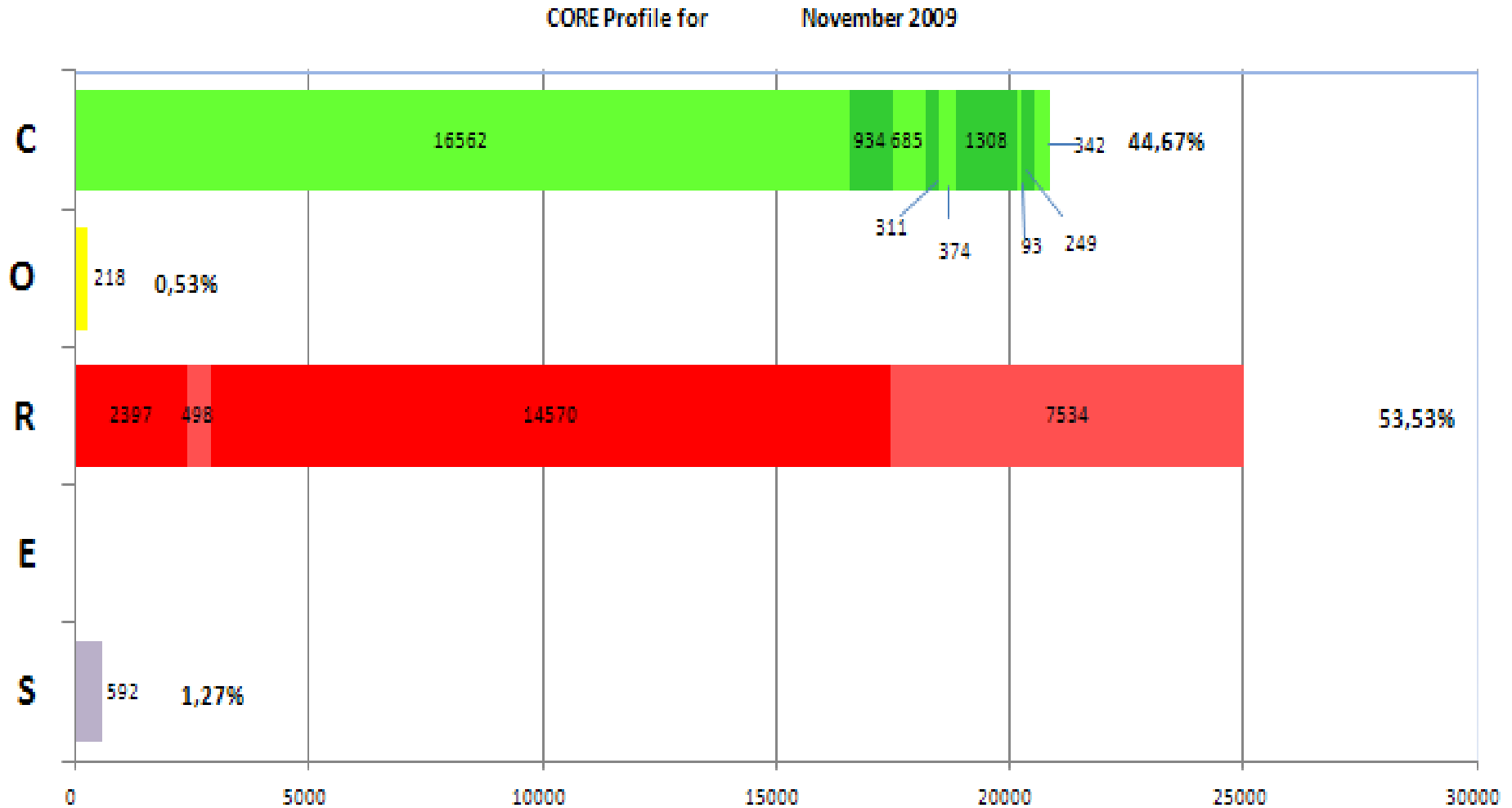
Customer Purpose Defines Value,

What was once seen as Value is now seen as WASTE
40% rework.

There is no value in fixing symptoms. **Fix the Road not the Tyres.**

Customer Purpose = Business Outcomes
Moving from the cost of Failure to the Return on Value

CORE Profile for Global IT end User support (November 2009)



CORE Profile: Teleco ICT Services

Create



Opportunity



Remedial



External



Case Studies and Working Examples

Outsourced End-user Technical Support for USA delivered from Asia

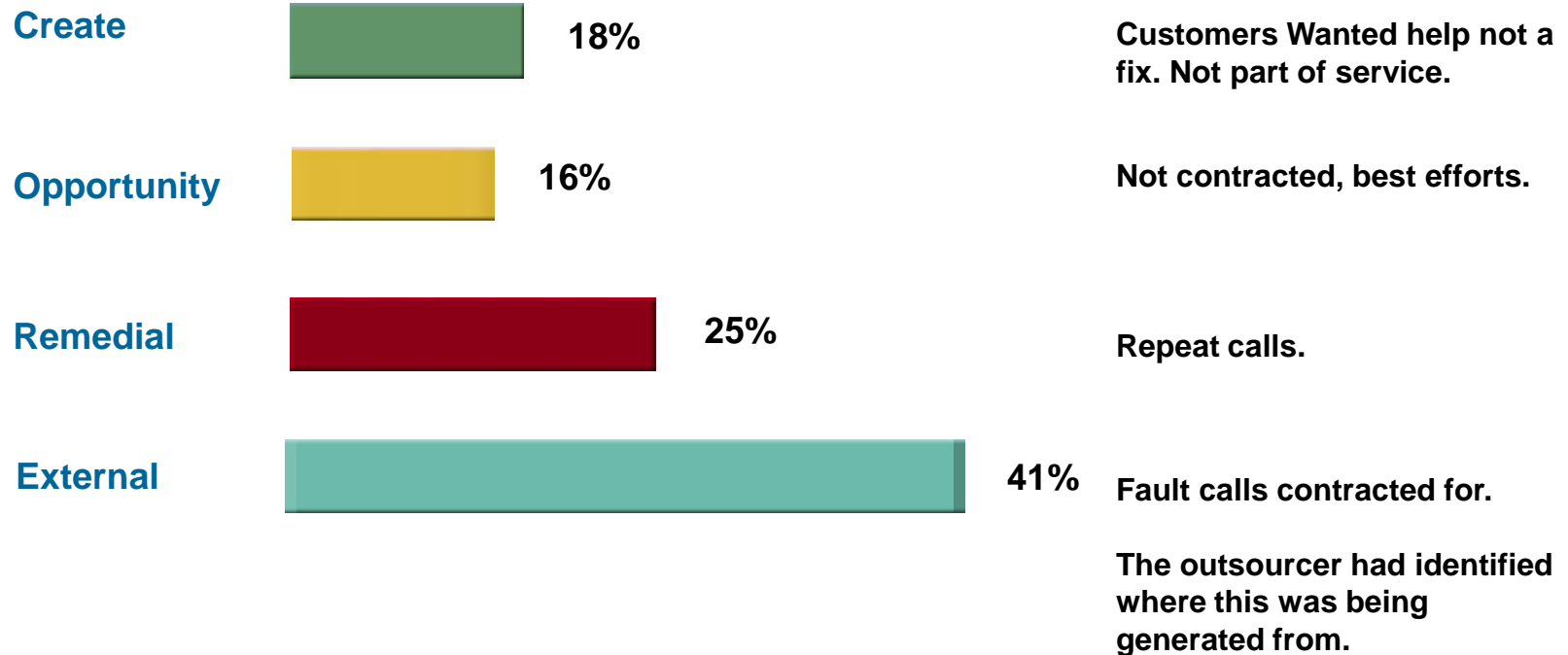
**Fujitsu IT Full Outsourcing Services, end-user support, enterprise management
Infrastructure Management.**

CORE Profile: Outsourced Technical Help Desk Services Supporting USA customers from Asia.

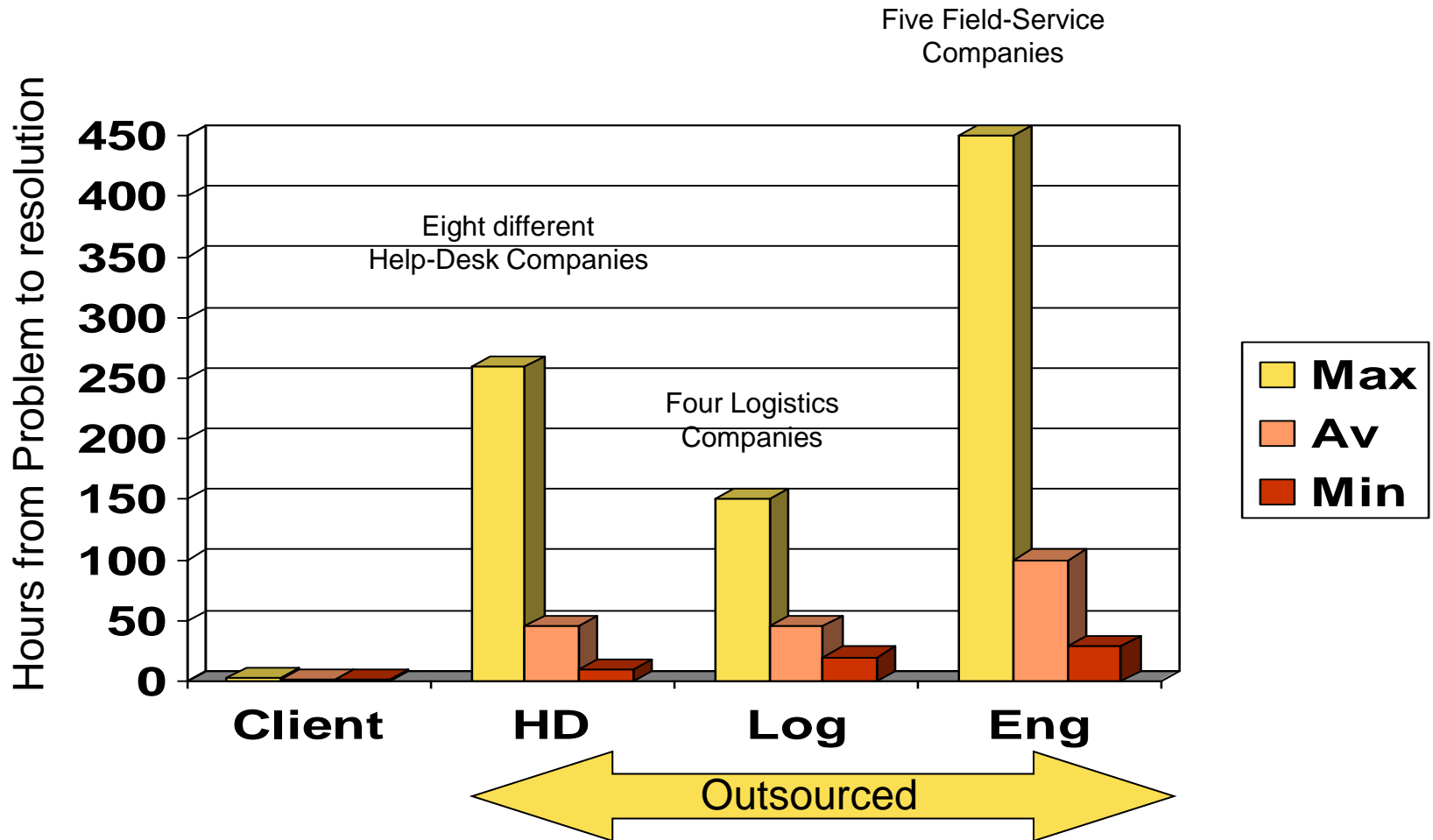
One of eight suppliers, client wanted to reduce to three.

Help desk operating in low cost location however the client wanted even lower service costs.

Approximately 10,000 calls are made every day.



**Lean IT Service: Move from managing the help desk to managing and measuring the value stream.
Moving from cost per call to cost to serve e-2-e.**



E-2-e Technical Services: SLA 2 Business Days, SLA's achieved, yet capability has a mean of 4 days?

Case Studies and Working Examples

Full infrastructure outsourcing company

Fujitsu Case Study: Results 2004

Customer satisfaction up by 70%.

Unwanted demand decreased by 60%.

Employee satisfaction increased by 40%.

Attrition dropped from 40% to 8%.

Operating costs reduced by 45%.

Increased business revenues.

Created a market differentiator.

2003 National Business Awards

Best customer Service Strategy 'Sense and Respond'

Fujitsu generated *“an entire cultural change around the needs of its customers and could as a result demonstrate business growth, innovation and success.”*



Fujitsu Europe

£2.8bn revenue with 21,000 staff operating in 40 countries.

Major European multi-vendor systems and services company.

Fujitsu design, build, and operate e-business solutions for customers in the financial services, telecomm, government, defence, retail, utilities and travel markets.

250 service locations.

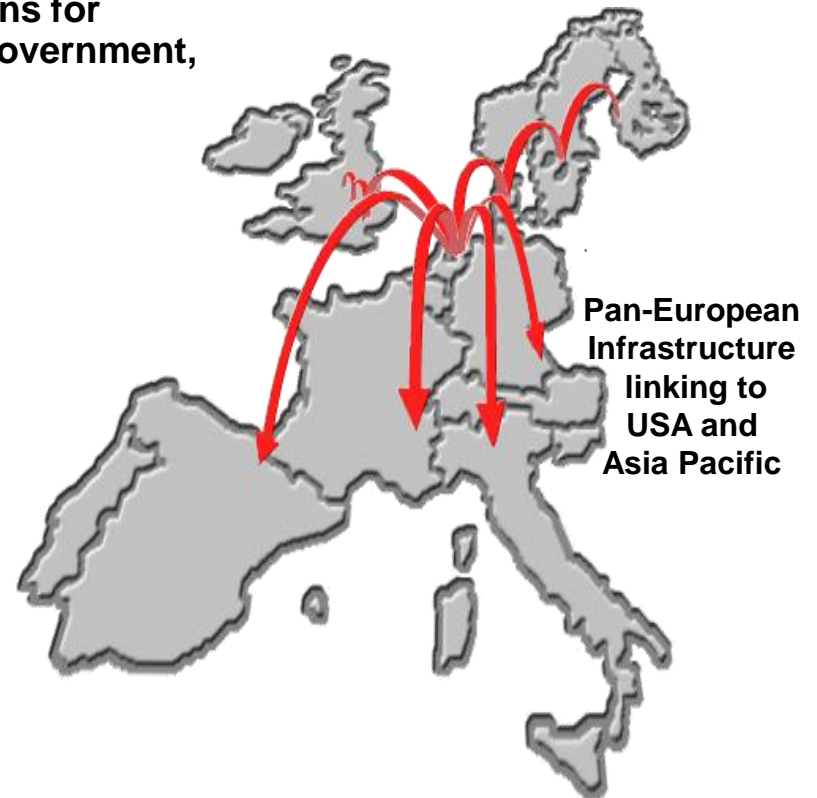
Management Centres,

UK, Nordic and the Netherlands,
Germany and France,
Multi-lingual, 19 Languages,

24 x 7 x 365 cover.

Supporting 10.5m desktops and associated infrastructures.

Global network links.



Fujitsu Case Study: July 1999

Drivers for Change:

The need to differentiate from and catch up with dominant US market leaders.

The desire to achieve industry-leading levels of customer retention and growth in an aggressive marketplace.

New Multi-media and Enterprise Management Technologies.

Challenges:

To create integrated services: helpdesks, mobile field engineering, enterprise management, application support, network management, sales and marketing.

To improve performance measurement, optimise service delivery.

To remove existing power structures and silos.

The transformation action plan:

Transform

organisational performance, management and workforce thinking and behaviour. learning and measurement systems. Leadership responsibility and commitment.

Redesign and rebuild the organisation.

Integrate and implement new technologies.

Educate the marketplace to have higher expectations.

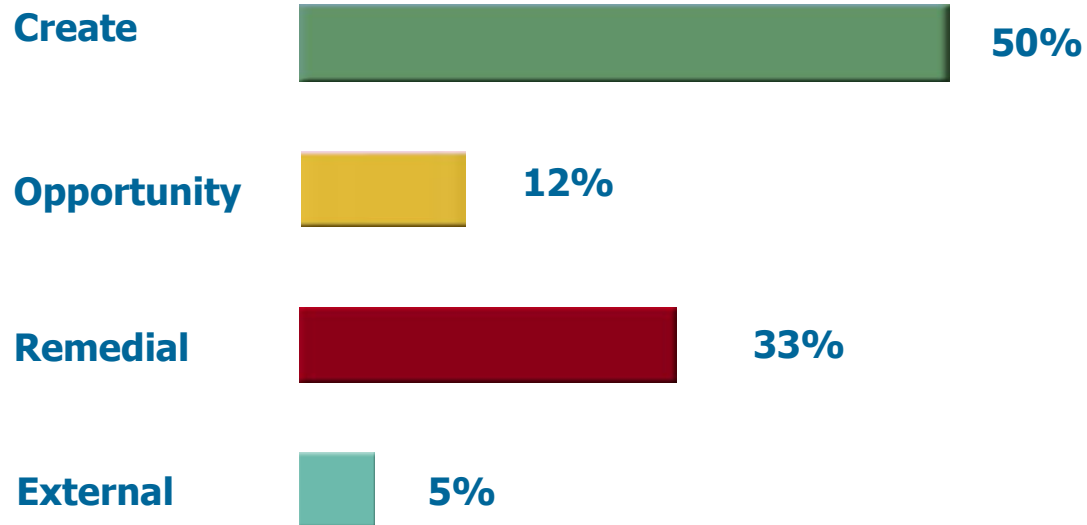
Create new services that would differentiate Fujitsu Services Ltd. from its competitors.

Start in the UK and implement worldwide.

CORE Profile: ICT support operations Before changing the service.

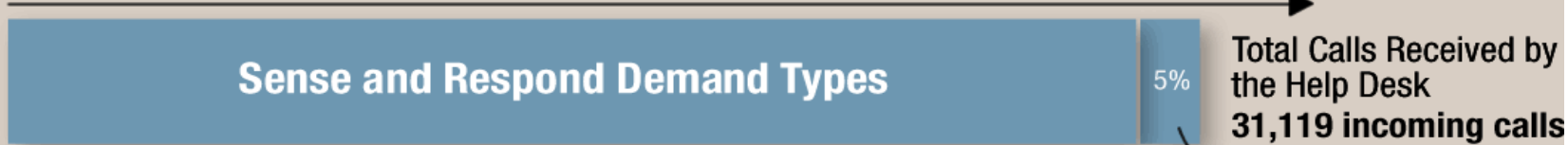


CORE Profile: ICT support operations After changing the service.



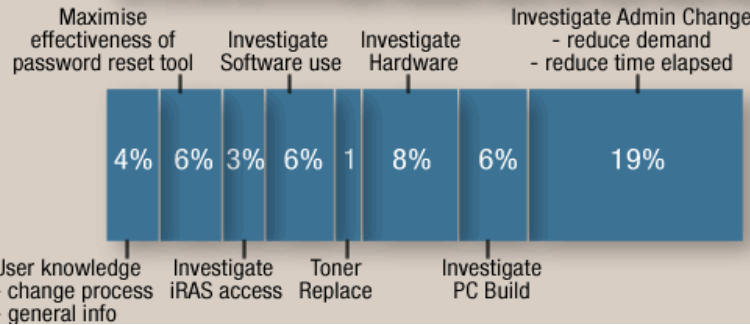
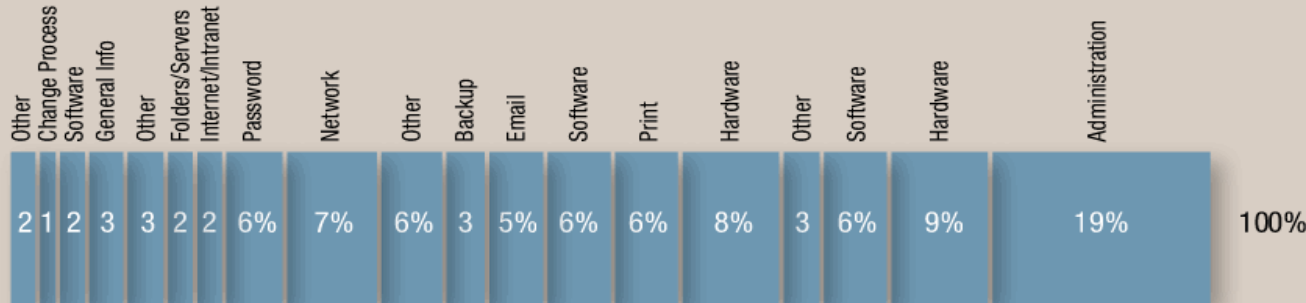
EXAMPLE

Call Volume



"How do I?" 2,203 "I can't access" 6,158 "I have a problem" 10,454 "I need a change" 10,740

Auto Report, Transfers, Tests, Status, Complaints, Other



15,701 incoming calls
53% reduction

This 53% is the volume under scope for further analysis and Sense and Response interventions

Fujitsu Customers: bmi



“I can't access”

Parts ordering,

Staff allocation system

Finance system.

e-mail system.

Impact on bmi staff.

Aircraft repair delays

Unable to schedule Aircrew

Missed air slots

Head office administration delays



Fujitsu Customers: bmi



“I can’t print”

Ticketing,

Boarding Passes,

Bag Tags.

Flying Passenger impact.



Queues at ticket office.

Queues at check in,

Boarding delays

Missed connections

Customer dissatisfaction

Customer perception of bmi

Fujitsu Customers: bmi



The Purpose:

To keep bmi passengers flying through the provision of an effective, efficient IT infrastructure.

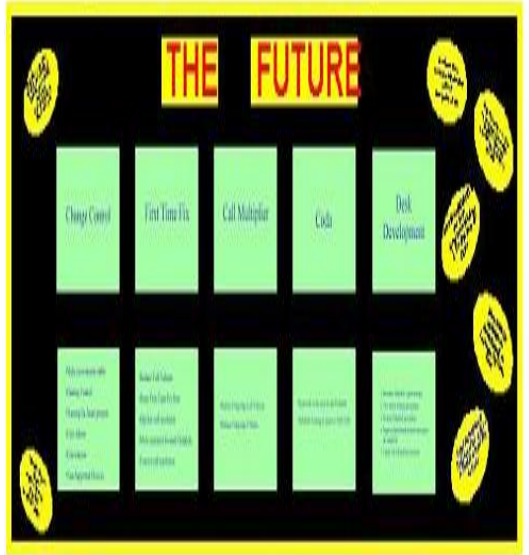
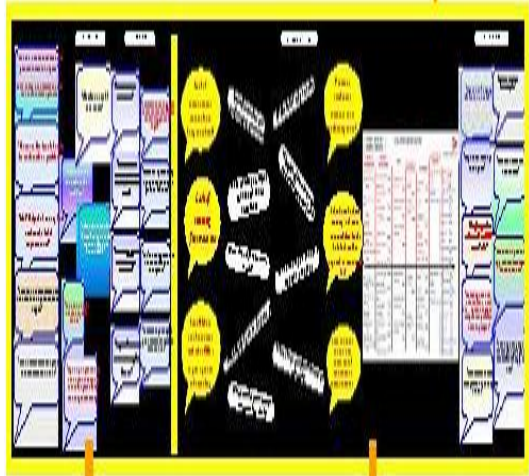
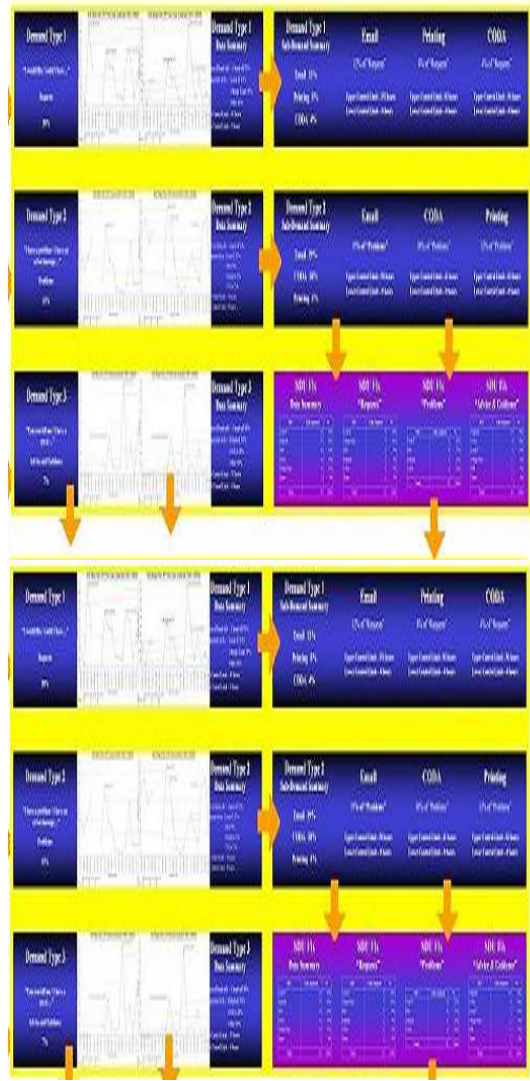
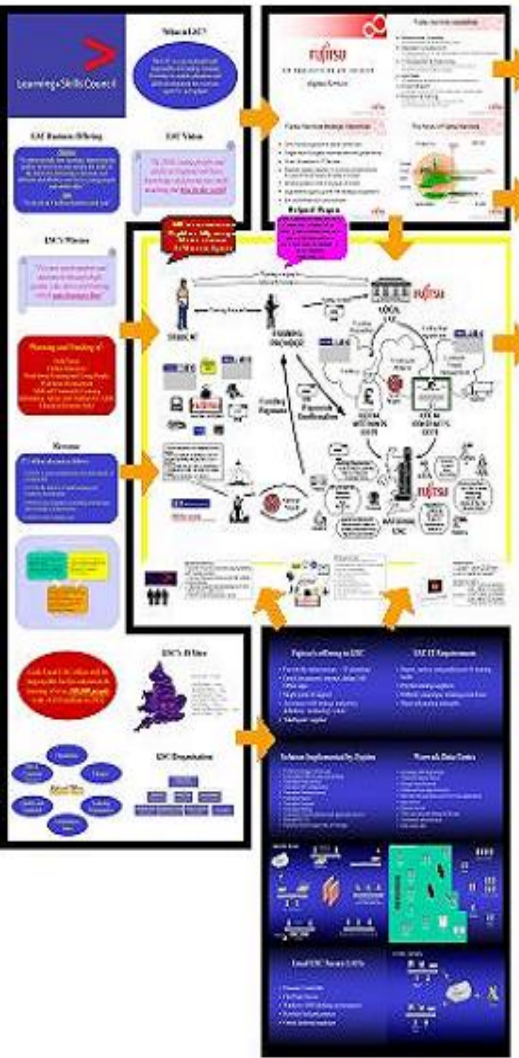
Fujitsu are enabling bmi to provide added value to its flying customers.

' Using a sense and respond approach Fujitsu have reduced call volume by 40% and slashed the time to fix by 70%. More importantly though, we have cut check-in delays, increased passenger satisfaction and minimised the chance of missed connections. Those last three came free'

***Richard Dawson
CIO bmi***

New ten-year outsourcing deal £120m.

Business Performance Map: Value Stream, End-to-end Measurement, Management Practices, Customer Needs, Waste and Value.



Front-line staff gathering business intelligence.



What is Sense and Respond?

- Simply put –

Lean is an approach in which the direction and goals of an organisation is entirely guided and driven by the:

- Measures of Customer Purpose.
- Measures of Customer Value.
- Measures of End-to-end Value FLOW