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
• Founded in 2000
• Trained over 350,000 Lean Six Sigma professionals
• Served over 2,000 corporate customers (including 50+% of the F500)
• First firm to offer the complete Black Belt curriculum online and only firm to offer online DfLSS
• Courses reviewed and approved by ASQ and PMI
• Academic Partnership with Ohio State University
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

Smaller changes:
• Workouts
• Kaizens
• DMAIC
• DFSS

Large changes:
• Merger / Acquisition
• LS deployment
• Major organizational 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
And Structure Drives

Structure drives behavior - I-Transform Main Page
www.i-transform-asia.com/adaptive-structure.html
Structure drives behavior ... The Adaptive Structure Based on Dr. Elliott Jaques's Requisite Organization

Jim Barnes' Blog - Organizational Structure vs. Organizational ...
www.envistacorp.com/.../03/organizational-structure-vs-organization-1
Which is more important, the structure of the organization (flat, cross-functional, hierarchical, or siloed), or the way the organization behaves within the structure?

A Behavioral Approach to Feedback Loop Dominance Analysis
www.systemdynamics.org/conferences/1998/PROCEED/00008.PDF - PDF file
A Behavioral Approach to Feedback Loop Dominance Analysis David N. Ford1 Abstract Feedback loop dominance is a critical tool in explaining how structure drives behavior.
Example: Expertise

Knowledge Structure

Academic
- Advanced Program in Change Management
- Systems Dynamics
- Lean Sigma Green, Black & Master Black Belt
- Organizational & Personal Structural Consulting

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

Numerous years as a change agent with extensive experience in change management and organizational design.
Prediction of computer evolution for the year 2004:

*1954

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

**Change**

**Deliverables**

**Change 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

EXHIBIT 1
Ingredients for a successful transformation

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

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

“Driving Radical Change”
Do You See the Change Structures Built into DMAIC Projects?

**DMAIC Deliverables**

**Define**
- SIPOC
- VOC
- Project Metrics (Primary, Business, Consequential, Financial)
- Stakeholder Plan
- Project Spec. Document (Statement, Scope, Objectives, Budget, Team)
- Tollgate Signoff (MRR, VSO, Fin. Rep)

**Measure**
- Value Stream & Process Maps (Current State)
- C&E Analysis (Fishbone, C&E Matrix)
- Data Collection Plan
- Capability Analysis (z Score)
- Gage R&R

**Analyze**
- Failure Mode & Effect Analysis
- Waste and Variation Analysis
- C&E Analysis for Waste and Variation
- Graphical Analysis
- Statistical Analysis
- Define Experimentation (if required)
- Tollgate Signoff (MRR, VSO, Fin. Rep)

**Improve**
- Refine $Y = f(X)$ through DOE if required
- Brainstorm and evaluate solution(s)
- Future State Map
- Solution(s) Design & Development
- Pilot if Required
- Implementation & Cost Benefit Plan
- Tollgate Signoff (MRR, VSO, Fin. Rep)

**Control**
- Control Charts to control Ys and monitor Y’s
- Optimize & Refine Solutions
- Financial Tracking
- Tollgate Signoff (MRR, VSO, Fin. Rep)

Credit: Dr. Scott Sink

**Elements of Successful Change with Lean Six Sigma**

By Steve Crom

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

<table>
<thead>
<tr>
<th>Structural Element</th>
<th>Process Changes</th>
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<tbody>
<tr>
<td>Viable Strategy / Plan</td>
<td>Project charter</td>
</tr>
<tr>
<td>Design</td>
<td>Selected LS Methodology, stakeholder accountability, training, resources</td>
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<tr>
<td>Execution</td>
<td>How project is executed by ALL involved members</td>
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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.

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<tr>
<th>Outcome</th>
<th>Strategy</th>
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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.

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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.
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”.

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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.

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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*

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
#2: Learn to **Design** A Strong Structure

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

How many tools do you currently use that could inform you about “structure”? 
#3: Relentlessly Monitor Execution

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<table>
<thead>
<tr>
<th>Project Descriptive Title</th>
<th>Week</th>
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<tbody>
<tr>
<td>Accountable Person:</td>
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<td>K James Group</td>
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<tr>
<th>MEASURE</th>
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**Project Description:**

- **Objective:**
  - Monitor execution of the project to ensure alignment with the strategy and goals.

- **Key Stakeholders:**
  - Project Team
  - Senior Management

**Key Measures:**

- **KPIs:**
  - On-time delivery
  - Quality of deliverables

**Actions:**

- **Weekly Reviews:**
  - Review progress against milestones

- **Adjustments:**
  - Modify strategies as needed to align with project outcomes.

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**Notes:**

- Regular communication with stakeholders
- Responsive to feedback and adjustments

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**Contact:**

- K James Group
- kjamesgroup.com
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”

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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](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](http://leadership.wharton.upenn.edu/structure/intro/organizational_structure_design.shtml)
- Society for Organizational Learning [http://www.solonline.org/?CoursesPrograms](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)
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
Questions? Comments? We’d love to hear from you.

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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/