Sustaining a Transformation through People, Process and Technology Focus
Instructor Bios

Michael V. Testani
- Master Black Belt
- Lean Transformation Champion
- Over 25 years experience in process improvement methodologies
- M.S. in Industrial and Systems Engineering
- Research interests:
  - Organizational culture transformation
  - Lean and Six Sigma methodology
  - Systems thinking
  - Supply chain management
  - Electronics Manufacturing
- 1 Patent, over 15 publications and invited talks
- Director, IIE’s Lean division
- Office – Endicott, NY
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Sreekanth Ramakrishnan
- Black Belt, Lean Master
- Lean Transformation Champion
- Ph.D. in Industrial and Systems Engineering (2008)
- Research Interests
  - Discrete event simulation modeling
  - Supply chain management
  - Organizational culture transformation
  - Lean manufacturing
  - Information Systems and Decision Support
- 5 Patents, over 50 publications and invited talks
- Member of IIE, SMTA, IEEE, ASEM
- Track Chair - EM at IIE Annual Conference (2013)
- Director, IIE’s Logistics/Supply Chain division and Society for Engineering and Management Systems
- Office – Waltham, MA
- sreeekan@us.ibm.com
Workshop Objectives and Participant Take Aways

Who should attend
- Transformation deployment leaders (Lean, Lean Six Sigma), managers and lean practitioners

Course Description
- This one-day workshop demonstrates the importance of integrating people, process and leadership techniques through hands-on activities and case study exercises. Participants will learn and apply techniques that they can use to help their organizations achieve and sustain their lean transformation goals

Objectives
- At the completion of this workshop, attendees will be able to:
  - Explain the principles and critical success factors for a lean transformation
  - Describe the leadership behaviors that are critical for sustaining a lean transformation
  - Discuss effective change management techniques
  - Apply lean process improvement and interpersonal skills to a case study activity
  - Describe the integration of process, people and leadership skills for sustaining a lean transformation

Take Aways
- Deeper understanding of how to apply Lean to drive a culture of process improvement
- New awareness of the leadership capabilities required to lead in a transformation
- Insight into the award winning Lean transformation methodology applied successfully in multiple domains
Outline of the Workshop

- Introduction to the Workshop
  - Icebreaker, Expectations, Experiences

- Overview of Lean History and Principles – Emphasis on Culture
  - Measuring culture and its meaning; How culture differs from climate

- Change Management Practices for a Transformation
  - Readiness for Change Assessments
  - Preparing to Transform People, Process and Technology components of change in an organization

- Crucial Transformational Leadership Behaviors
  - Focus on leadership’s role in transformation

- How to Integrate People and Process Improvement Techniques
  - Rational and Interpersonal Skills
  - What can we learn from teaming styles and its impact on sustaining transformation?

- Hands-on Case Study Activities
  - Participants will define a roadmap through an illustrative case study

- Discuss Applications to Participant's Lean Transformation
  - Best Practices and Lessons Learned
Most of the critical challenges to successful change involve people, process-technology and leadership

Major Change Challenges

- Changing mindsets and attitudes: 58%
- Corporate culture: 49%
- Complexity is underestimated: 35%
- Shortage of resources: 33%
- Lack of commitment of higher management: 32%
- Lack of change know how: 20%
- Lack of transparency: 18%
- Lack of motivation of involved employees: 16%
- Change of process: 15%
- Change of IT systems: 12%
- Technology barriers: 8%

Source: Making Change Work Study: Continuing The Enterprise of The Future Conversation from the IBM Global CEO Study, 2008 (n=1,532)

The Path Forward Approach to Business Transformation

Adaptive Culture

Process Excellence

Leadership

Success

People

Process/Technology

Business Performance

Balanced Scorecard
- Customer Value
- Financial Excellence
- Process Excellence
- People Learning & Growth

Building Organizational Capabilities for Business Transformation

"Teach your associates to teach themselves and in that way you will strengthen the entire organization" – IBM Founder, Thomas J. Watson, Sr. 1947

Innovation and continuous improvement enabled through process excellence and high performing organization culture
Path Forward Lean Deployment Strategy

STAGE 1: Readiness for Change
- The “Burning Platform”
- Organization Vision of Success
- Leadership Commitment
- Success Measures, Barriers and Top Actions for Success

STAGE 2: Lean Skills Development
- Organizational Lean Strategy
- Culture and Lean Assessment (Culture/Process/Skill Maturity)
- Leadership Development Strategy
- Leadership Impact/Life Styles Inventory
- Lean Transformation Skills Development and Training
- Preferred Organizational Culture

STAGE 3: Continuous Learning
- Self-directed Improvement Teams
- Continuous Learning
- “House of Lean” – Focus on Process, Technology
Organizational Readiness for Change Indicator – Key Factors

- **Four Foundational Factors for Change Readiness**
  - **Business Relevance**: Refers to the characteristics of a particular change – aka, the burning platform and the vision; Balanced scorecard decision making \( \Rightarrow \) **COMPELLING REASONS FOR CHANGE**
  - **Management Support**: Tops down support and buy in is critical for a successful change \( \Rightarrow \) **TRANSFORMATIONAL LEADERSHIP**
  - **Achievability**: Refers to the confidence that individual employees will contribute to the change; it defines the motivation to change (individually and collectively) \( \Rightarrow \) **SKILLS DEVELOPMENT**
  - **Personal Relevance**: Refers to whether the change is perceived to be personally beneficial \( \Rightarrow \) **WIIFM**

Adapted from Holt et al., 2007
Culture has a significant impact on an organization’s long-term economic performance

Results from an 11 year study, contrasting cultures of more than 200 companies, shows organizations with Adaptive cultures consistently produced superior business results.

<table>
<thead>
<tr>
<th>Unadaptive Culture</th>
<th>Adaptive Culture</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>166%</td>
</tr>
<tr>
<td>Work Force</td>
<td>36%</td>
</tr>
<tr>
<td>Stock Price</td>
<td>74%</td>
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<tr>
<td>Net Income</td>
<td>1%</td>
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</table>

E.g. Lion Nathan, Australia
Understanding the Culture and Leadership Readiness for Change

Organization’s Current and Preferred Culture

Leader’s Impact on Teams (360 Feedback)

Group Styles Inventory to Study Team Dynamics

Individual’s Impact on Teams (360 Feedback)

LSI®, LI®, GSI® and OCI® are proprietary of Human Synergistics International
Successful Lean Transformations Use Team-based Problem Solving

Effective Solutions =

<table>
<thead>
<tr>
<th>Quality</th>
<th>Acceptance</th>
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<tbody>
<tr>
<td>Rational Skills</td>
<td></td>
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</tbody>
</table>
- Analyzing the Situation
- Setting Objectives
- Simplifying the Problem
- Considering Alternatives
- Discussing the Consequences

Interpersonal Skills
- Listening
- Supporting
- Differing
- Participating
- Striving for Consensus

Lean techniques successfully integrate both these skills

*Rational and interpersonal skills are key for transformation efforts; Team-based problem solving is the answer for gaining consensus

*The OCI is a registered Trademark of Human Synergistics International, Inc.- Dr. Robert Cooke
Advocates for Change – Creating a more Constructive Culture resulting in a more Adaptive / High-performing Organization

Key Path Forward Measure of Success - 107% increase in Constructive behaviors

Tops-down, bottoms-up approach—leadership sets the vision, employees implement the change plans
IBM Path Forward Business Transformation – Success Story

An adaptive culture + process focus + engaged employees produce superior business results

<table>
<thead>
<tr>
<th>Cultural Performance Index - CPI</th>
<th>181</th>
<th>313</th>
<th>369</th>
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<tbody>
<tr>
<td><strong>Financial Performance</strong></td>
<td>Under Plan</td>
<td>Under Plan</td>
<td>Exceeded Plan</td>
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<tr>
<td><strong>Inventory Management</strong></td>
<td>Under Plan</td>
<td>Under Plan</td>
<td>Exceeded Plan</td>
</tr>
<tr>
<td><strong>Quality Performance</strong></td>
<td>Under Plan</td>
<td>Improving</td>
<td>Exceeded Plan</td>
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<tr>
<td><strong>Process Maturity</strong></td>
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<td>Score: 3.1/5</td>
<td>Score 3.9/5</td>
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<td><strong>Leadership CPI</strong></td>
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<td>728</td>
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<tr>
<td><strong>Employee Satisfaction</strong></td>
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<td>3.68/5.00</td>
<td>3.71/5.00</td>
</tr>
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<td><strong>Kaizens/# Ideas</strong></td>
<td>0/20</td>
<td>0/80</td>
<td>46/300</td>
</tr>
<tr>
<td><strong># Employees Trained</strong></td>
<td>10 (&lt;3%)</td>
<td>30 (&lt;10%)</td>
<td>220 (55%)</td>
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Questions, Comments

- Thank you for your time and attention!
  - See you in San Juan!
  - Please register to the workshop at the earliest – seats are limited