Lean Enterprise Self-Assessment Tool (LESAT), version 1.0

Hypothesis

Why Process of Organizational Assessment is Important?

What is Organizational Assessment?

Research Question and Hypothesis

Background and Context

What is Organizational Assessment?

- A process for assessing efficiency and effectiveness of organization
- Evolved from being based on financial (internally-focused, backward-looking) measures to multi-dimensional (external, future-looking) frameworks
- Identifies strengths and weaknesses in current performance
- Indicates future performance or envisioned desired future state
- Provides input into future strategy and/or implementation plans

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- Evolves to be based on financial (internally-focused, backward-looking) measures in multi-dimensional frameworks
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Why Process of Organizational Assessment is Important?

- Evidence suggests that 70% of attempts to implement performance measurement systems fail (Neely & Bourne, 2000) due to:
  - Poor design of measurement system
  - Difficulties in implementation, such as:
    - Political difficulties: biased process, misuse of results, lack of transparency
    - Loss of focus: lack of long-term commitment and attention
    - Lack of implementation action: results are not properly analyzed and not followed by action

Research Question and Hypothesis

- How can enterprises do organizational assessment to better support enterprise transformation?
- If enterprises follow a consistent process, organizational assessment will be more effective to ultimately support enterprise transformation

Assessment Tool of Choice

Lean Enterprise Self-Assessment Tool (LESAT), version 1.0

- Developed by a team of industry, government and academia members of the Lean Advancement Initiative at MIT (LAI)
- Assesses current and desired state of enterprise maturity in terms of transformation efforts across 54 practices in three broad categories: Lean Transformation/Leadership, Life-Cycle Processes and Enabling Infrastructure Processes
- Designed for self-assessment by enterprise leaders
- Suggested process is outlined in the Facilitator’s Guide and includes the following key steps:
  - Introduction of the tool
  - Assessment
  - Discussion of assessment results and determination of current maturity level
  - Determination of desired level and gap
  - Development of action plan and prioritization of resources

Research Methodology and Results

Research Methodology

- Case studies of current and former LAI industry partners based on:
  - Semi-structured interviews
  - Review of company documents
  - Statistical analysis of LESAT results

Brief Overview of Case Studies

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Enterprise</th>
<th>Mode of LESAT use</th>
<th>Motivation for assessment</th>
<th>Type of assessment</th>
<th>Role of facilitator</th>
<th>Use of LESAT scores</th>
<th>Analysis</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>Autonomous business units</td>
<td>On regular basis, continuing</td>
<td>Continuous improvement</td>
<td>Managed (external) assessment</td>
<td>Enabler/Consultant</td>
<td>Input to transformation plan</td>
<td>Analysis of scores; no follow up</td>
</tr>
<tr>
<td>B</td>
<td>Autonomous business units</td>
<td>Single time, possibly continuing</td>
<td>Trial; cross-unit comparison</td>
<td>Self-assessment</td>
<td>Process facilitator</td>
<td>Collect and process results</td>
<td>Evaluate results to identify areas for improvement; Develop action plan for practical software measurement (PSM)</td>
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<tr>
<td>C</td>
<td>Cross-unit functional area</td>
<td>Single time</td>
<td>Continuous improvement</td>
<td>Self-assessment</td>
<td>Change agent</td>
<td>Analyze scores; follow up</td>
<td>Evaluate results to identify areas for improvement; Develop action plan for practical software measurement (PSM)</td>
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<tr>
<td>D</td>
<td>Multorganizational program</td>
<td>On regular basis, continuing</td>
<td>Customer requirement</td>
<td>Self-assessment</td>
<td>Process facilitator</td>
<td>Tracing overall score year to year</td>
<td>Evaluate results to identify areas for improvement; Develop action plan for practical software measurement (PSM)</td>
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Analysis

- Assessment process does not start and end with assessment itself. It requires not only adequate planning, but also sustained leadership commitment and evaluation of results
- Factors that impact assessment include:
  - Organization motivation
  - Leadership buy-in
  - Choice of respondents
  - Role of facilitator
  - Training of respondents
  - Respondents need to be carefully selected and prepared for assessment. Characteristics of respondents that affect assessment results:
    - Management level
    - Functional role
    - Risk attitude
    - Consistent opinion of organization
    - Interpretation of practice and scoring system

Key Conclusions

- Organizational assessment is an involved process that, just like any other important task, requires sustained leadership commitment and attention
- Enterprise can fully benefit from assessment in case it:
  - Carefully plans the assessment, including:
    - Defining goals of assessment and intended utilization of results
    - Choosing respondents and training them
    - Appointing LESAT facilitator and defining his/her role
  - Full understands and analyses results of assessment
- Uses assessment results for formulation of strategy and implementation plan

Recommended process for organizational assessment using LESAT

- Obtain organizational commitment
- Define enterprise goals and boundaries; timing of assessment
- Define responsibilities
- Agree LESAT facilitator and allocate resources
- Review action plan implementation process
- Conduct individual assessment
- Discuss results within group
- Collect and process results
- Disclose results between groups
- Evaluate results to identify areas for improvement
- Develop action plan for practical software measurement (PSM)

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