Creating a Holistic Approach to Enterprise Transformation

Implementation Issue

How do I motivate and sustain enterprise transformation?

How do I transform my enterprise to lean?

What analytical tools can I use to support my decision making?

Enterprise Tool

7 Principles of Lean Enterprise Thinking

Enterprise Transformation Transformation Roadmap

Enterprise Architecting Framework

Enterprise Strategic Analysis and Transformation (ESAT)
7 Principles of Lean Enterprise Thinking

1. Adopt a holistic approach to enterprise transformation.
2. Identify relevant stakeholders and determine their value propositions.
3. Focus on enterprise effectiveness before efficiency.
4. Address internal and external enterprise interdependencies.
5. Ensure stability and flow within and across the enterprise.
6. Cultivate leadership to support and drive enterprise behaviors.

Source: Nightingale and Srinivasan, MIT 2008
Enterprise Transformation Roadmap

**STRATEGIC CYCLE**

- **Determine Strategic Imperative**
  - Articulate Business Case for Lean
  - Focus on Stakeholder Value
  - Leverage Lean Gains

- **Perform Stakeholders Analysis**

- **Define As-Is Value Stream**

- **Perform Enterprise Assessment**

- **Create Vision of Future State**

- **Define “To-Be” Enterprise Value Stream**

- **Perform Gap Analysis**

**PLANNING CYCLE**

- **Understand Current State**
  - Perform Stakeholders Analysis
  - Define As-Is Value Stream
  - Perform Enterprise Assessment

- **Engage Leadership in Transformation**
  - Convey Urgency
  - Foster Executive Lean Learning
  - Obtain Executive Buy-In
  - Establish Executive Lean Transformation Council

- **Capabilities & Deficiencies Identified**

- **Envision & Design Future Enterprise**
  - Create Vision of Future State
  - Define “To-Be” Enterprise Value Stream
  - Perform Gap Analysis

**EXECUTION CYCLE**

- **Implement & Coordinate Transformation Plan**
  - Develop Detailed Project Implementation Plans
  - Synchronize Detailed Plans
  - Implement Projects and Track Progress
  - Commit Resources
  - Provide Education & Training

- **Implement & Synchronize Transformation Plan**
  - Convey Urgency
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- **Create Transformation Plan**
  - Identify Key Enterprise Improvement Project Areas
  - Determine Impact Upon Enterprise Performance
  - Prioritize, Select and Sequence Project Areas
  - Publish Communication Plan

- **Align Enterprise Infrastructure**
  - Align Organization
  - Align Incentives
  - Empower Change Agents
  - Rationalize Systems & Policies
  - Align Metrics

- **Alignment Requirements Identified...**

- **Long-Term Corrective Action**

- **Short-Term Corrective Action**

**Nurture, Process & Imbed Lean Enterprise Thinking**

- Monitor & Measure the Outcomes
- Nurture Process, & Imbed Lean Culture
- Capture & Diffuse Lessons Learned
- Synchronize Strategic Long-Term & Short-Term Cycles

**A Committed Leadership Team**

Source: Nightingale, Srinivasan and Mize, MIT 2008

http://lean.mit.edu

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Enabling Enterprise-Level Capability

Strategy: Goals, Vision, ..., Business Model

Doctrine: First Principles; Overarching

Organization: More than an Org Chart – Culture; Behaviors, Clear Roles and Responsibilities

Training: Individual to Organizational; Developing Process Capability through Constructive Task Proficiency and Execution – Outcome is a Learning (Enterprise) Organization

Material: Product/Service Development for Success throughout the Lifecycle

Leadership: Situational Awareness → Decision Processes → Command and Coordination; Tacit and Implicit Knowledge

Personnel with others: Knowledge and awareness drive actions and create synergy

Facilities: Deliberate inclusion in EA for Infra/Info-Structure prevents Islands of Excellence; creates Neighborhoods of Success

Source: Nightingale and Matty, March 04 Army Brief
Enterprise Architecting – Enables Greater Efficiency and Effectiveness

- Effective integration – managing complex interdependencies
- System optimization, not local optimization
- Knowledge-based enterprise capabilities
- Achieving desired future state characteristics
  - Agility
  - Flexibility
  - Reconfigurability

Source: Nightingale and Rhodes, 2007
Enterprise Strategic Analysis and Transformation

Strategic Objectives

ESAT

Enterprise Analysis

Process Interaction Analysis

Enterprise Alignment Analysis

Future State Analysis

Enterprise Identification

Enterprise Capabilities

Stakeholder Analysis

Enterprise Measurement Systems

Enterprise Process Architecture

Future State Vision

Actionable Transformation Plan

Source: Srinivasan, Bryant and Nightingale, 2008

http://lean.mit.edu

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Enterprise “To-Be” X-Matrix

Lean Enterprise Transformation Roadmap

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**A Committed Leadership Team**

- **Strategic Implications of Transformation**
  - Monitor & Measure the Outcomes
  - Nurture, Process & Imbed Lean Enterprise Thinking
  - Capture & Diffuse Lessons Learned
  - Synchronize Strategic Long-Term & Short-Term Cycles

Source: Nightingale, Srinivasan and Mize
Takeaway

• Enterprise transformation is a journey that is
  
  • *Driven* both top-down and bottom-up
  
  • *Enabled* by a thorough understanding of the enterprise’s process architecture, measurement systems, and capabilities
  
  • *Focused* on stakeholder-centric value delivery
  
  • *Guided* by the 7 principles of lean enterprise thinking
  
  • *Sustained* through continuous enterprise architecting