



Lean Enterprise Transformation Framework

DoD CPI Symposium

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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 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.

7.

Emphasize organizational learning.

LAI MIT Enterprise Transformation Roadmap

STRATEGIC CYCLE

Determine Strategic Imperative

- Articulate Business Case for Lean
- Focus on Stakeholder Value
- Leverage Lean Gains

Pursue & Sustain Enterprise Transformation

Engage Leadership in Transformation

- Convey Urgency
- Foster Executive Lean Learning
- Obtain Executive Buy-In
- Establish Executive Lean Transformation Council

Strategic Implications of Transformation...

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

Long-Term Corrective Action

PLANNING CYCLE

A Committed Leadership Team

Understand Current State

- Perform Stakeholders Analysis
- Define As-Is Value Stream
- Perform Enterprise Assessment

Capabilities & Deficiencies Identified

Envision & Design Future Enterprise

- Create Vision of Future State
- Define "To-Be" Enterprise Value Stream
- Perform Gap Analysis

Lean Enterprise Vision

Implement & Coordinate Transformation Plan

Implementation Results

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

Short-Term Corrective Action

EXECUTION CYCLE

Create Transformation Plan

- Identify Key Enterprise Improvement Project Areas
- Determine Impact Upon Enterprise Performance
- Prioritize, Select and Sequence Project Areas
- Publish Communication Plan

Alignment Requirements Identified...

Align Enterprise Infrastructure

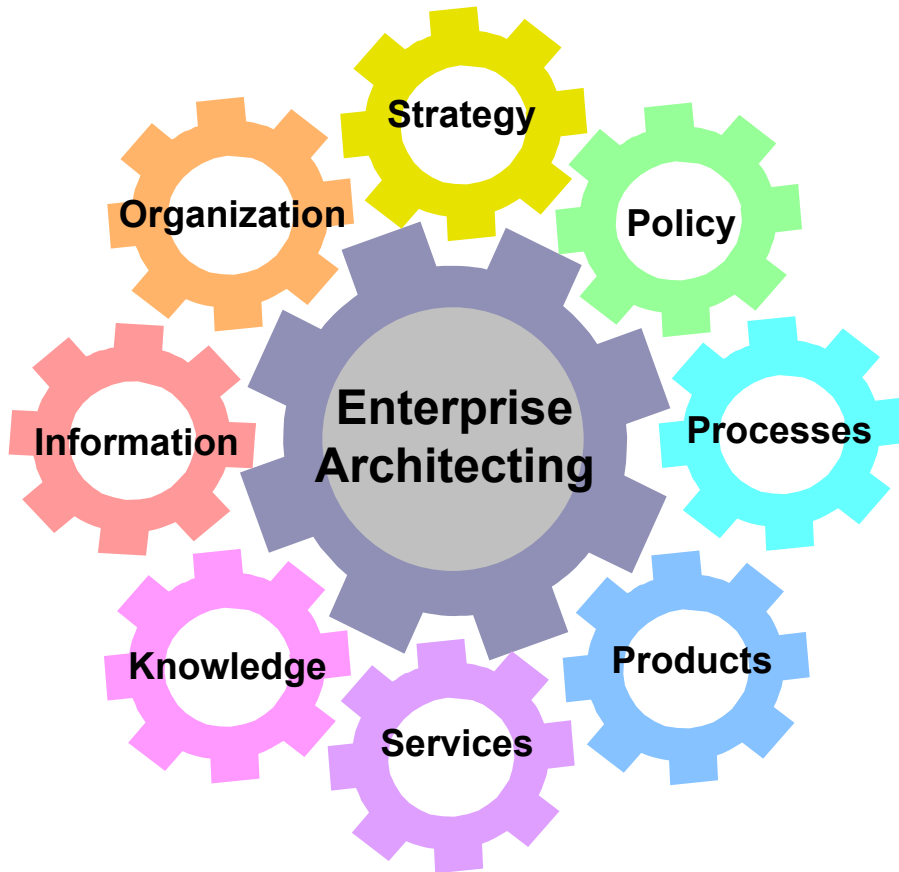
- Align Organization
- Align Incentives
- Empower Change Agents
- Rationalize Systems & Policies
- Align Metrics

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

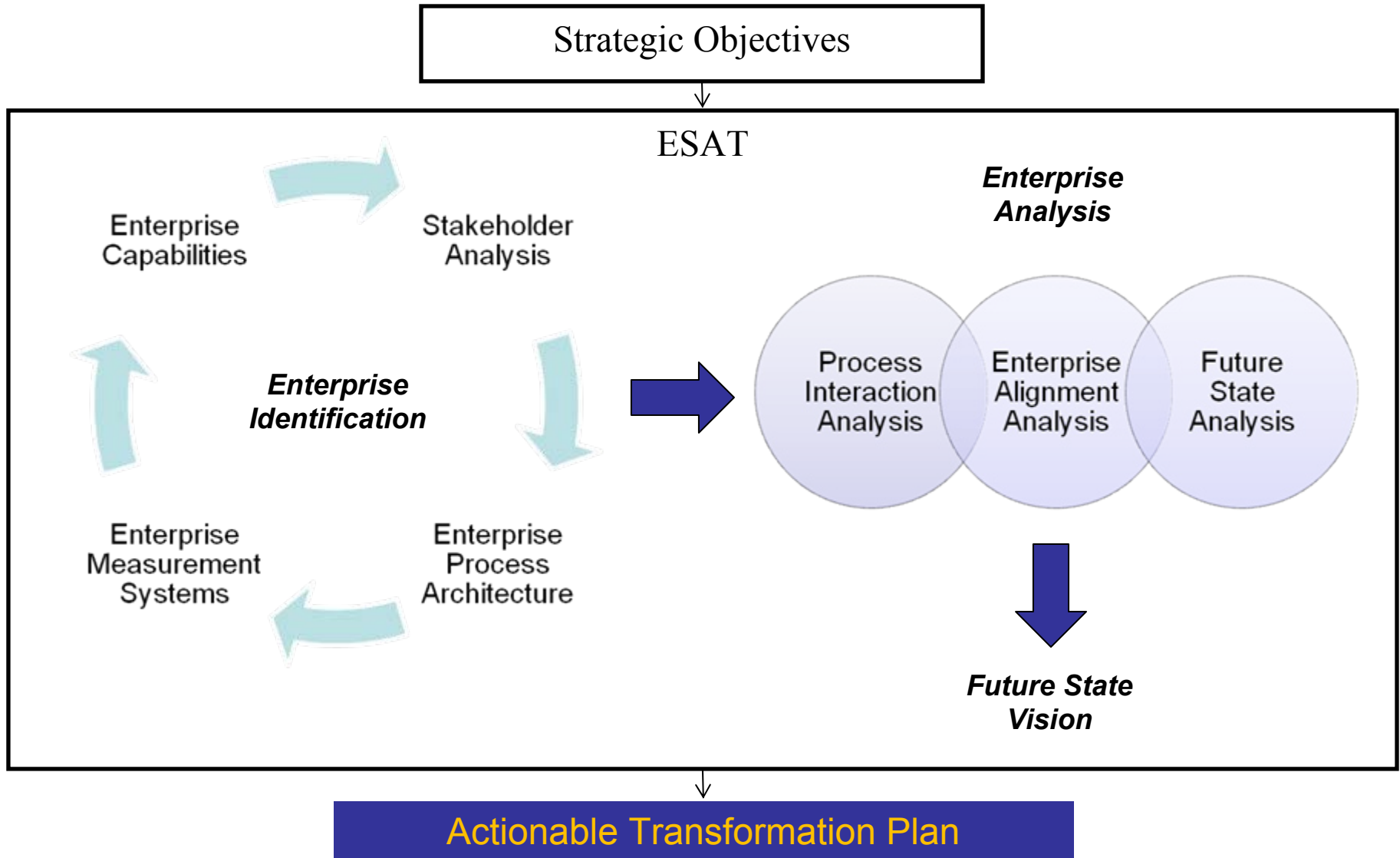
Source: Nightingale and Matty, March 04 Army Brief

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

Enterprise Strategic Analysis and Transformation



Enterprise “To-Be” X-Matrix

Source: L. Cropsey, “Integrating Military Unmanned Aircraft into the National Airspace System: An Application of Value-Focused Thinking and Enterprise Architecting”, MIT SDM Thesis, 2008

										Address Implementation Constraints						
										Train and Operate Safely						
										Train and Operate as Needed						
										Restore Principle of Maneuver						
										Strategic Objectives Metrics Stakeholder Values Key Attributes	UAS training with needed flexibility	UAS operations with needed flexibility	Ability to transit airspace to accomplish mission	UAS operations with needed safety	Enabled DoD training and operational missions	Maximize Resources
Existence of standardized, implemented process and criteria for open issues	Degree of alignment vertically and horizontally on nature of current activities	Degree to which stakeholders feel their perspective is addressed # and level of stakeholder leaders committed to success across enterprise	Scope of work matched to available budget, time, and CONOPS	Time required to coordinate/approve mission	% of needed missions achieved	# of exceptions to standard aircraft performance requirements	# of deviations from ATC direction	# of accidents per flight hour	Meets Safety Thresholds							
										Provides needed airspace capacity (civil)						
										Provides needed mission capability (military)						
										Provides useful increment of operational flexibility						
										Implementability given external constraints on time, money						
										Cooperative effort fostered with stakeholders as full partners						
										Actively engaged leadership across all stakeholders/org levels						
										Clearly defined activities, scope, roles, responsibilities, outcomes						
										Well-defined process, criteria for making enterprise decisions						

- **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