

# Managing on Purpose

Mark Reich



## Let's Deal With The Work

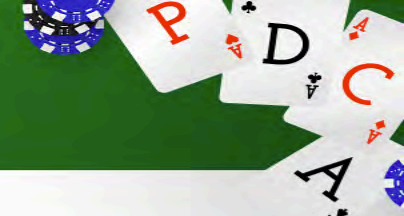
March 17-18, 2016 | Las Vegas

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# What Stays Out of Vegas?



# What We Learned Yesterday



- Jim Womack – 25 + 25 - Some Lean History and Planning
- Legal Sea Foods – A Boat to Belly Transformation
- SunPower – A New-Found Purpose in the Circular Economy
- Learning Sessions – Application of Learning Across Sectors and Functions



# Managing on Purpose



## Let's Deal With The Work

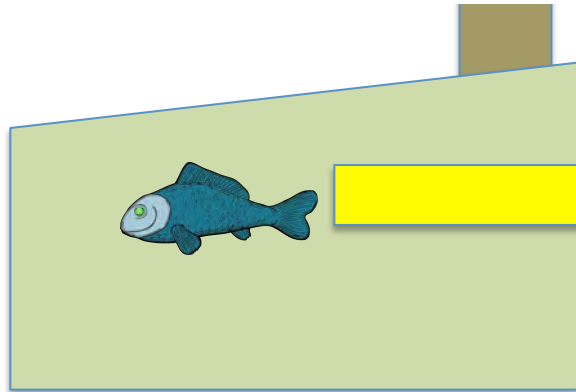
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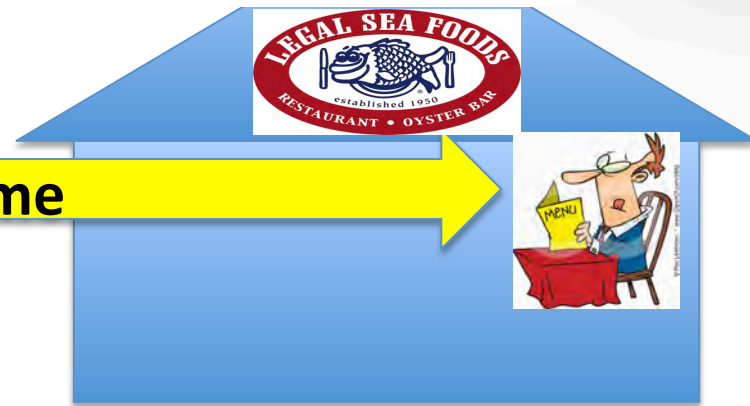
# What Problem Is Legal Sea Foods Trying to Solve?



The Processing Center



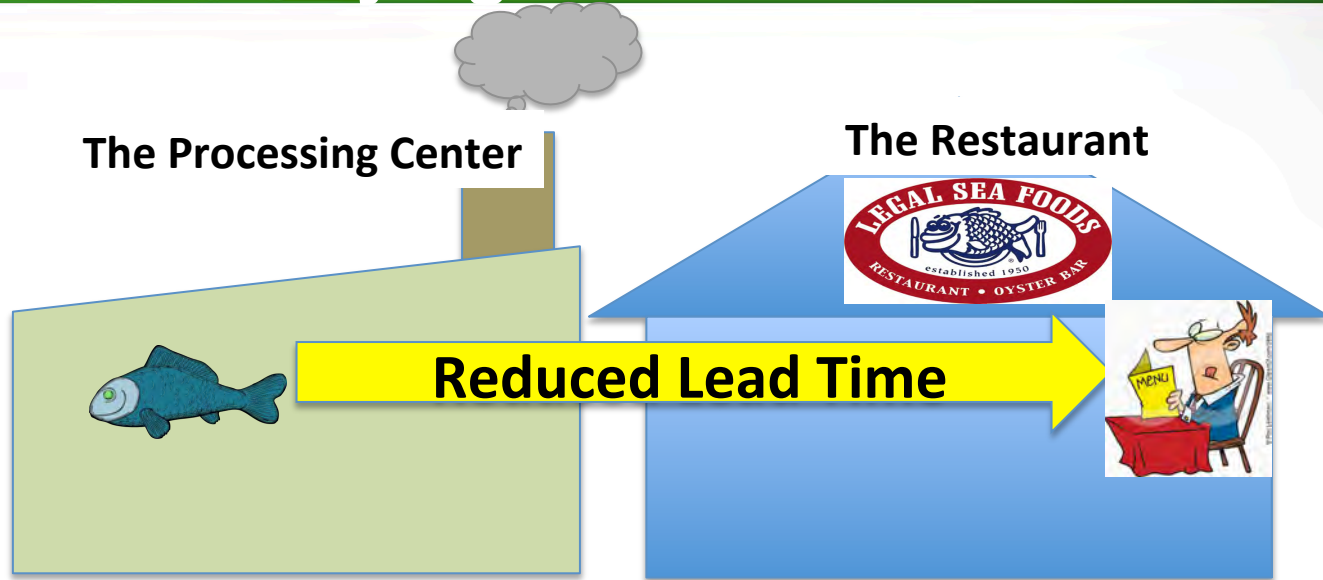
The Restaurant



**Shrink the Lead Time For  
the Entire Value Stream from  
Processing to Serving**



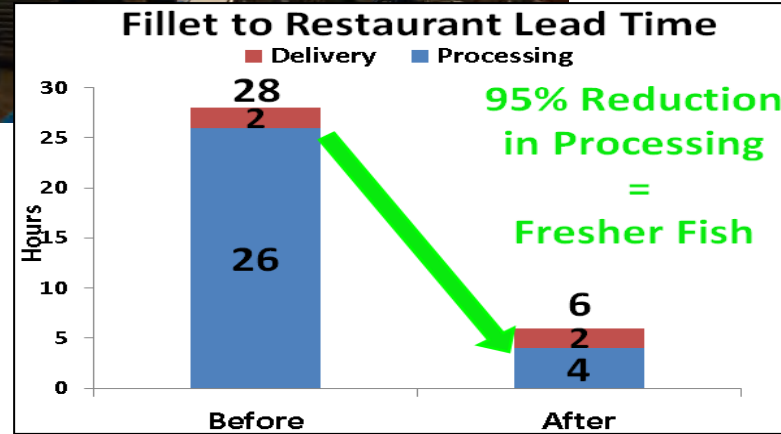
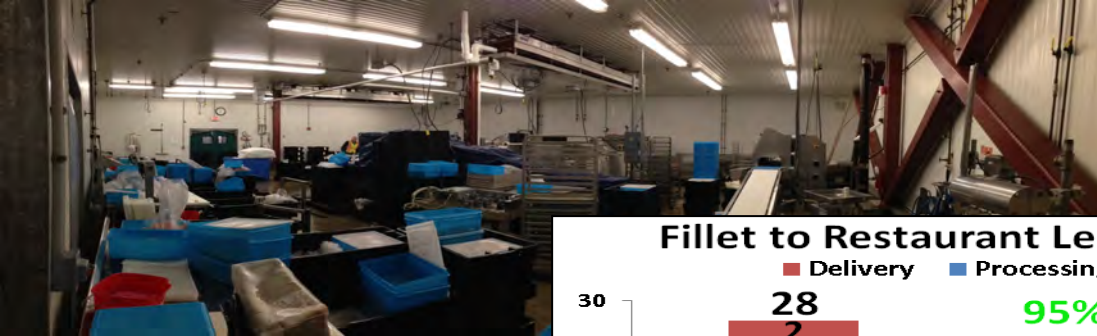
# What Problem Is Legal Sea Foods Trying to Solve?



**Result = Fresher Fish!**



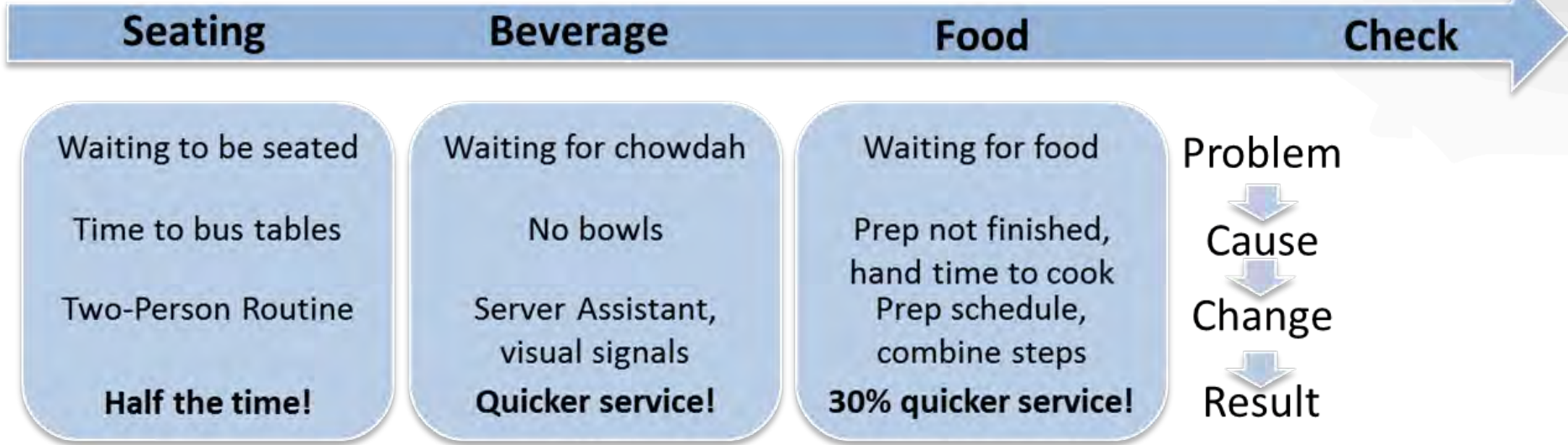
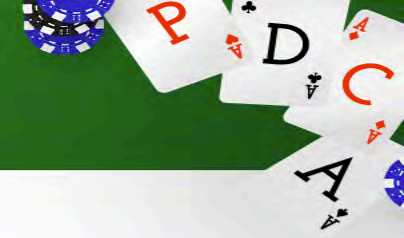
# Before



# After



# Legal Sea Foods – Improved Guest Experience



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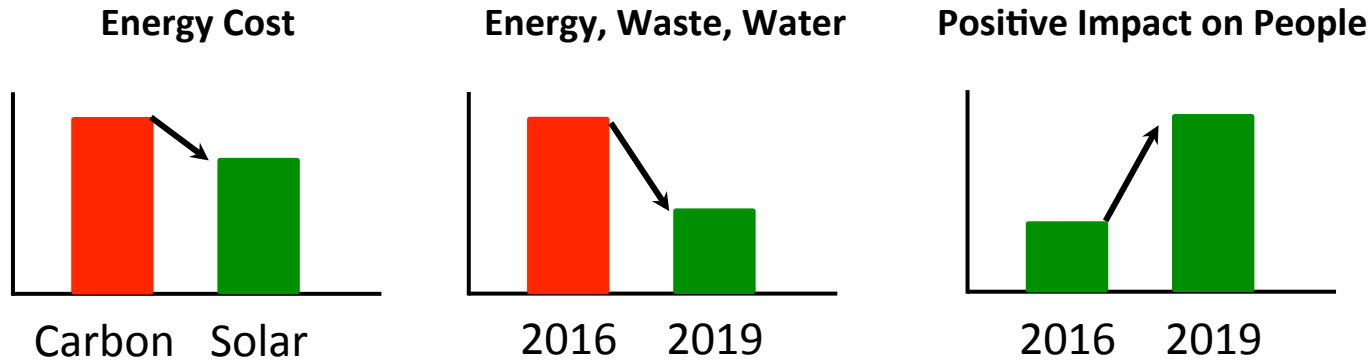
# 1. What problem is SunPower trying to solve?

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**Purpose:** We change the way our world is powered

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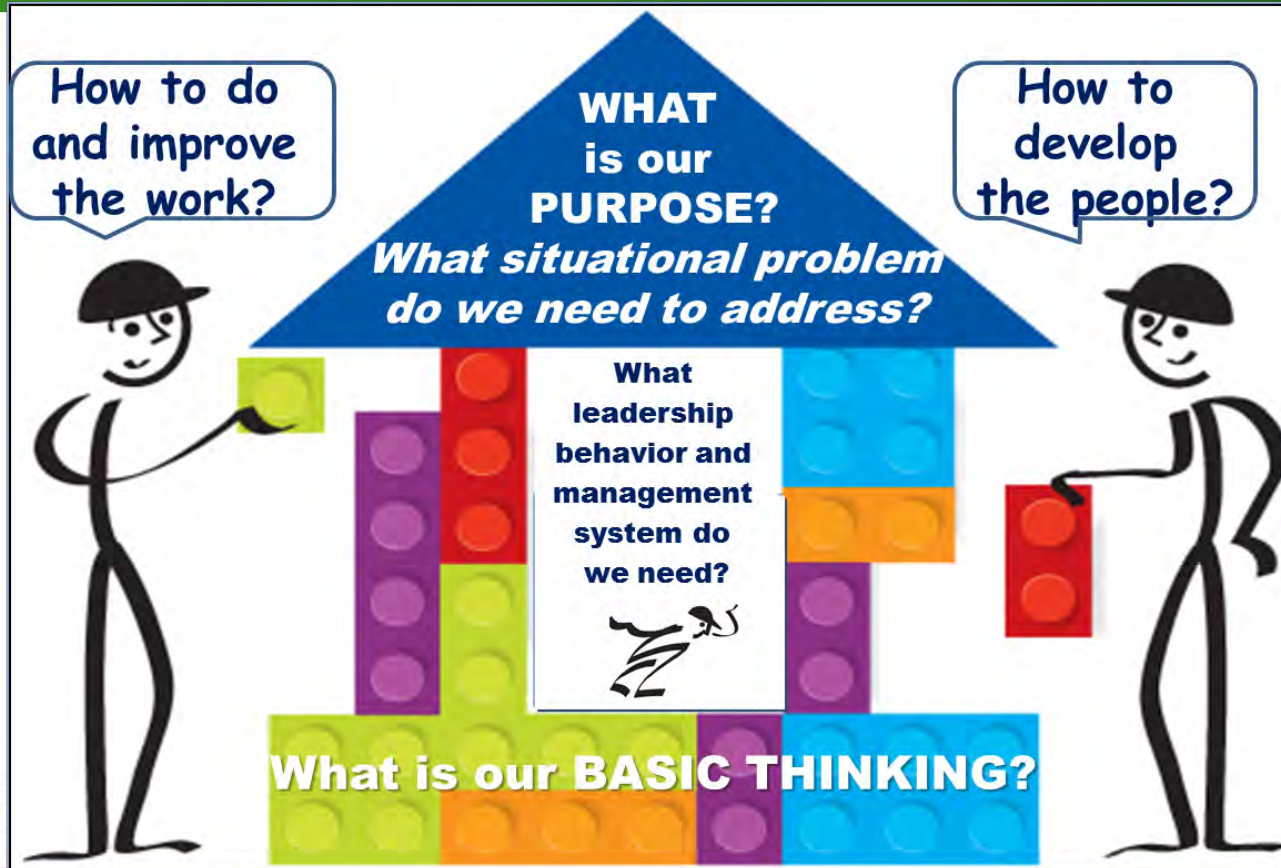
**Mission:** a.k.a. “the work to be done”



**Values:** a.k.a. “our culture and how we conduct ourselves every day”

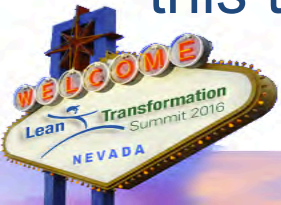


# Lean Transformation Framework – 5 Dimensions



# The Transformation Questions

1. What is our *purpose* ,what *value to create*, or what *problem* are we trying to solve,?
2. How do we *do and improve* the *actual work*?
3. How do we *develop the capabilities* we need?
4. **What *management system* and *leadership behaviors* are required to support the new way of working?**
5. What *basic thinking* or assumptions underlie this transformation?



# Why do organizations struggle to sustain a transformation?

Most common reasons we see:

- 1) Spread lean broadly, not deeply
- 2) Focus only on results or KPI, not building capabilities
- 3) Run as a program, not built into management culture
  - Not full alignment across the organization
  - Not tied to organizational purpose



**Management is not aligned to organizational purpose!**



# Why do organizations struggle to sustain a transformation?



**Management is not aligned to organizational purpose!**



- People at all levels – from the CEO to the front line worker - must feel aligned and connected to all levels of the organizational purpose
- We need a mechanism – a management system – to align people to purpose



# 5 Myths of Strategy Execution



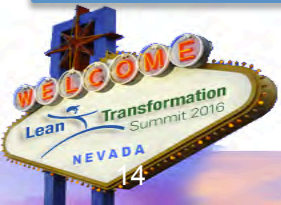
Myth 1: Execution Equals Alignment

Myth 2: Execution Means Sticking To The Plan

Myth 3: Communication Equals Understanding

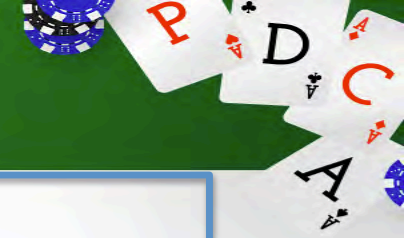
Myth 4: A Performance Culture Drives Execution

Myth 5: Execution Should Be Driven From The Top



Reference: Harvard Business Review, March 2015 Issue

# 5 Myths of Strategy Execution



## Myth 1: Execution Equals Alignment

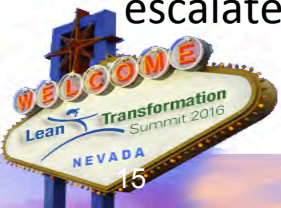
“When Managers cannot rely on colleagues in other functions or units, they compensate with a host of dysfunctional behaviors – duplicate effort, let promises to customers slip...”

## Myth 4: A Performance Culture Drives Execution

“If Managers believe that hitting their numbers trumps all else, they tend to make conservative performance commitments.”

## Myth 5: Execution Should Be Driven from the Top

“Frequent and direct intervention from on high encourages middle managers to escalate conflicts rather than resolve them...”



Reference: Harvard Business Review, March 2015 Issue

# What is Lean's Alternative?

- How do we build alignment to corporate objectives across the organization?
- How do we build capability for bottom up innovation(kaikaku)?
- How do we drive towards a aligned objectives, not merely towards targets?
- How do we align purpose to people and the culture?





# Lean Transformation Framework



Purpose

How to Align These?

Basic Thinking

# Lean Transformation Framework

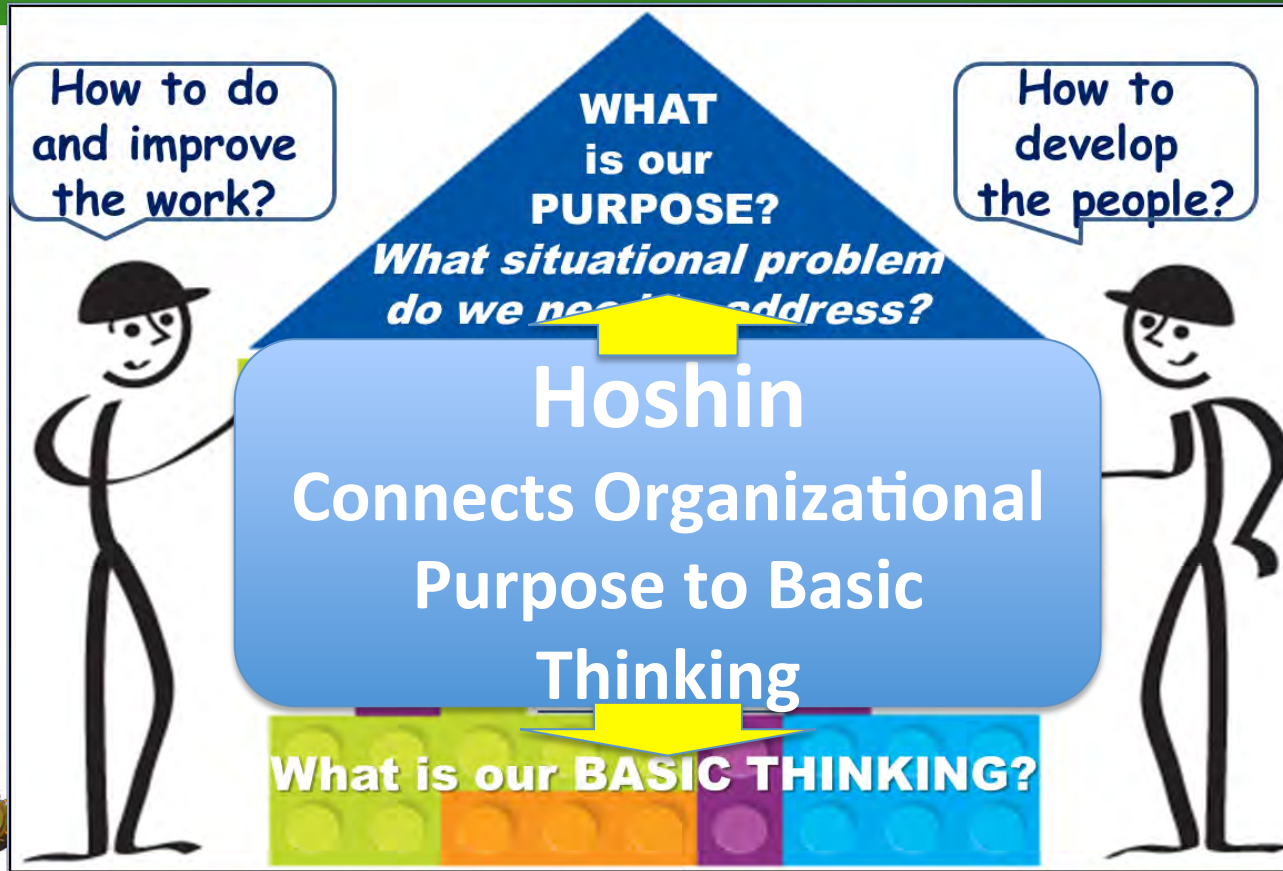


**Purpose**

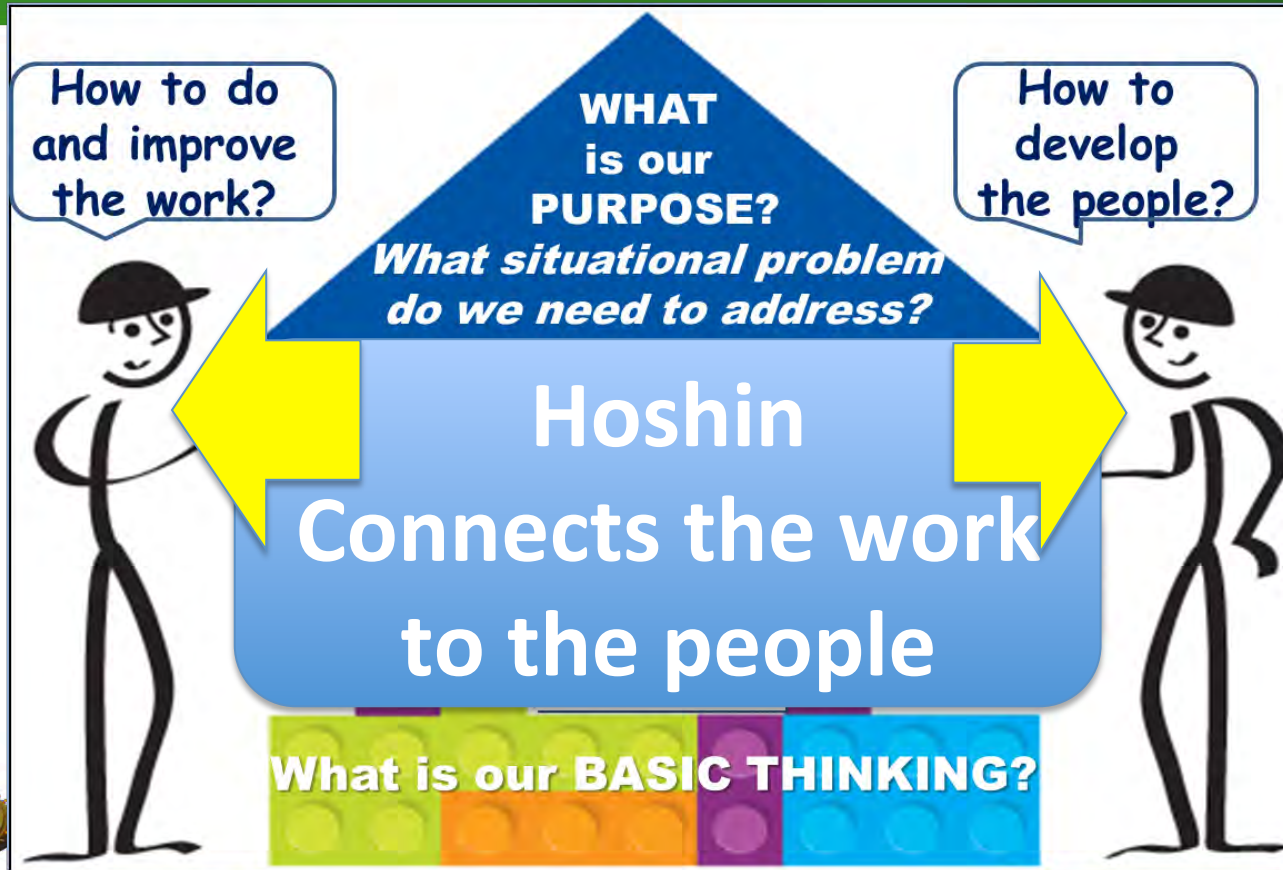
What Management System and Leadership Behaviors are needed?

**Basic Thinking**

# Hoshin links the Framework

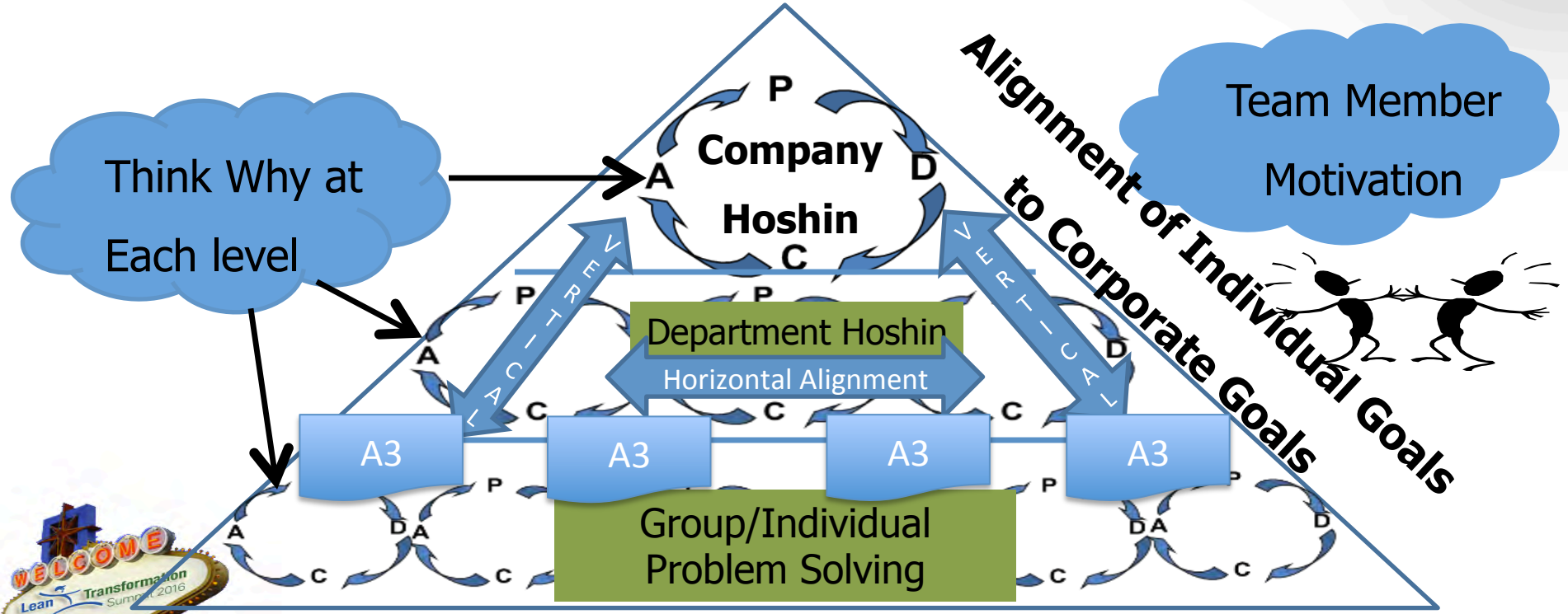


# Hoshin links the Framework



# Hoshin

Breaking Down Company Problems and Solving Them at Each Level



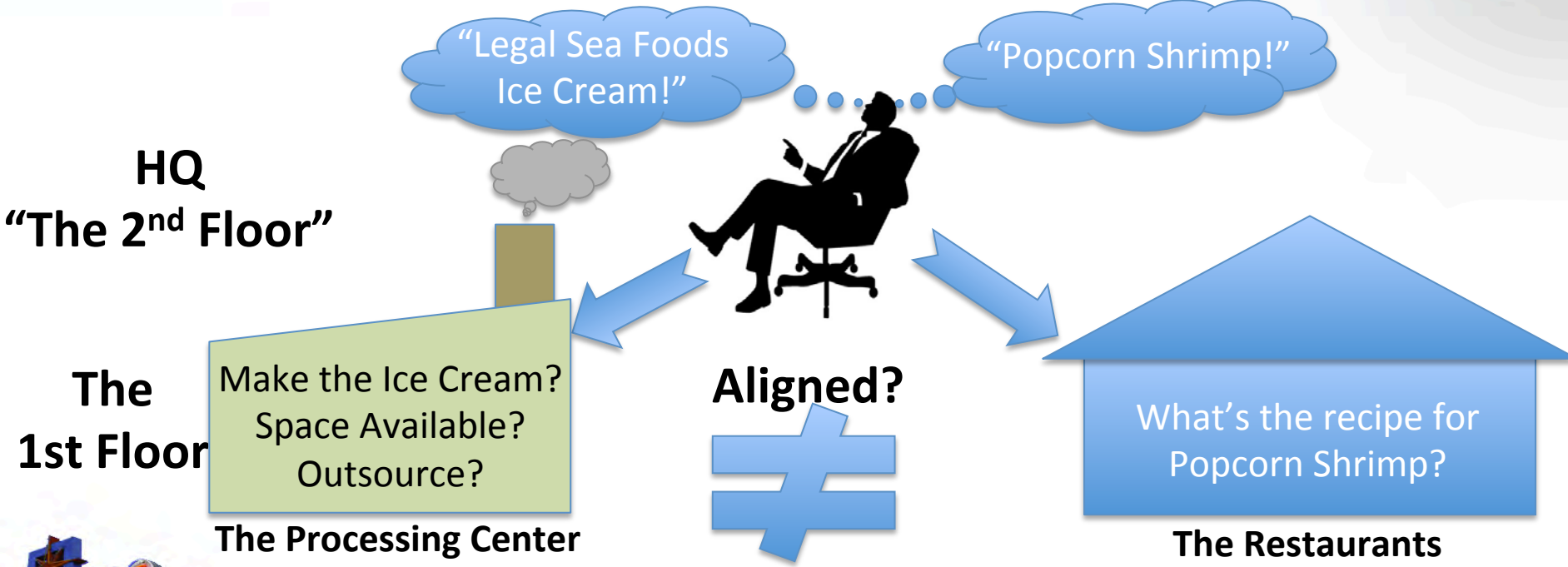
# Hoshin



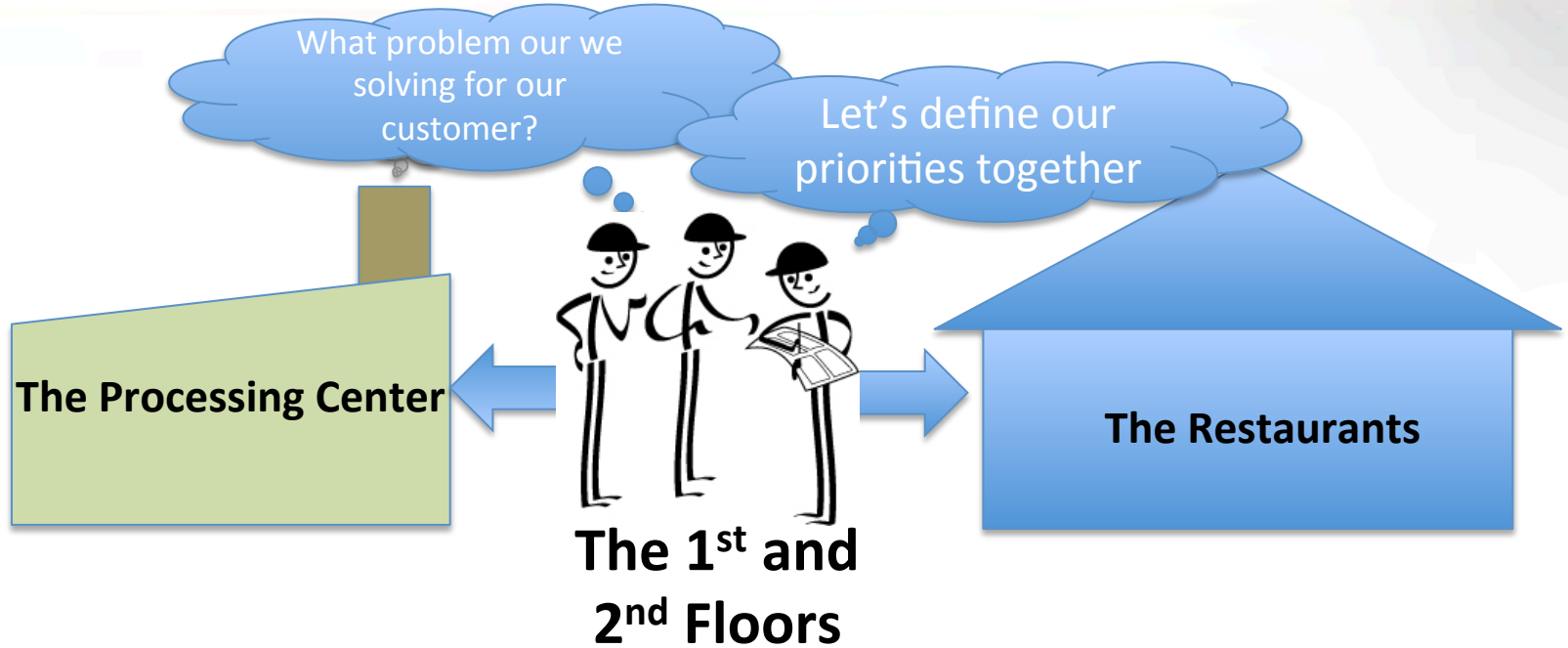
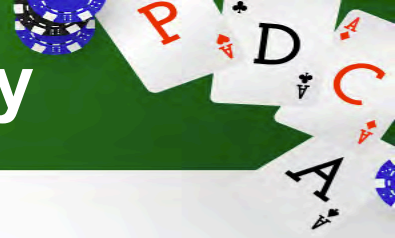
- 1) Ties the front-line problem solving (A3, etc.) to the organizational objectives
- 2) Aligns leadership vertically and horizontally to the organizational objectives



# Legal Sea Foods – the Traditional Management Way



# Legal Sea Foods – the Aligned Hoshin Way

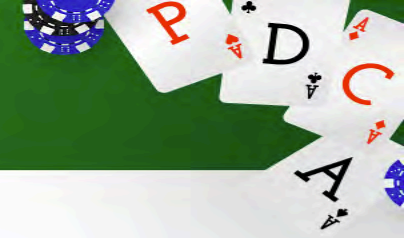


# ALIGNMENT!





# Hoshin Catchball at Legal Sea Foods



4

**Coaches and Guides**

1

**Provides vision and direction**



**Roger**



3

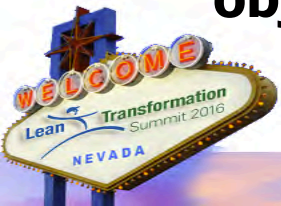
**Clarify problem to be solved with each objective –A3**



**Roger's Team**

2

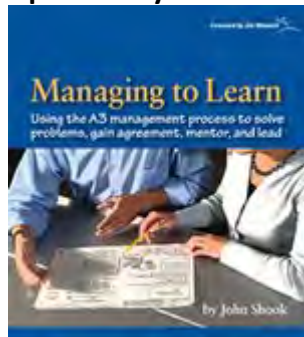
- a) Reflect on Performance**
- b) Define annual objectives**
- c) Align as a team**



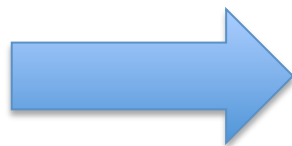
# Managing on Purpose

## LEI will publish a book on organizational alignment:

- 1) Connect the work of individual problem solving that was explained in **Managing to Learn** to the problems of the organization
- 2) Address challenges organizations face to build alignment and develop bottom capability to solve challenging organizational problems



Individual  
Problem Solving/PDCA



Organizational  
Problem Solving/PDCA



# This Morning's Plenaries

## Phase 2 – “Phase 2 Medical’s Lean Journey and Partnership with Medtronic”



*Adam Prime, President*

## Nationwide – “Purpose-Driven Lean”



*Guru Vasudeva, SVP and CIO*

