ENABLING INNOVATIVE CULTURE

@barryoreilly
#LeanEnterprise
precisely specify value by specific product, identify the value stream for each product, make value flow without interruptions, let the customer pull value from the producer, and pursue perfection

Womack and Jones, *Lean Thinking*
ENTERPRISE

“a complex, adaptive system composed of people who share a common purpose”

Humble, Molesky and O'Reilly, Lean Enterprise: How High Performance Organizations Innovate at Scale
Right now, your company has 21st century Internet enabled business processes, mid 20th century management processes, all built atop 19th century management principles.

- Gary Hamel, American Management Expert
MEET THE NEXT GENERATION

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SOFTWARE IS EATING THE WORLD

MIND THE GAP
SOFTWARE IS EATING THE WORLD

BUSINESS
CEO, COO, CFO, CMO

MIND THE GAP
SOFTWARE IS EATING THE WORLD

BUSINESS
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TECHNOLOGY
CIO, CTO, CDO
(Digital and/or Data)

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(Digital and/or Data)

Technology as a strategic capability
Willingness to support experimentation
Iterative, adaptive working processes and practices
Reduce learning anxiety across organization
Ability to innovate at scale
HOW HIGH PERFORMANCE ORGANIZATIONS INNOVATE AT SCALE

THINK BIG.
START NOW.
Learn fast.

THINK BIG
The purpose of an organization is to enable ordinary humans to do extraordinary things —

- Peter Drucker, Management Educator, and Author
Shareholder value is the dumbest idea in the world... [it is] a result, not a strategy... your main constituencies are your employees, your customers, and your product

- Jack Welch, former-CEO GE
To enable the space flight capabilities necessary to make human life multiplanetary or more specifically enable a self sustaining human civilization on Mars

- Elon Musk, SpaceX
What are we aiming for?

What are we trying to achieve?

Stephen Bungay, The Art Of Action
Principle of Mission

What are we aiming for?

What are we trying to achieve?

Stephen Bungay, The Art Of Action
INDIVIDUAL MOTIVATION AND ENGAGEMENT

AUTONOMY

MASTERY

PURPOSE

Dan Pink, *Drive*
People I've known who make me feel I must think bigger: Thiel, Page, Musk, Zuckerberg, Jobs, Whitman, Sandberg, Clark, @balajis, @stewart.
START NOW
DIFFUSION OF INNOVATION

Everett Rogers, "Diffusions Of Innovations"
CROSSING THE CHASM

Geoffrey Moore, *Dealing With Darwin*

- Innovators (Techies): "just try it"
- Early adopters (Visionaries): "Get ahead of the herd"
- Early majority (Pragmatists): "Stick with the herd"
- Late majority (Conservatives): "Stick with what's proven"
- Laggards (Skeptics): "just say no"

Market Growth vs. Time
CONTINUOUS LIFECYCLE OF INNOVATION

Geoffrey Moore, *Dealing With Darwin*
In 2014 WhatsApp handled more than seven trillion messages, about 1,000 per person on the planet.

The Economist: “The Message Is The Medium”
25 March 2015
BUSINESS MODEL INNOVATION STRATEGIES

EXPLORE
- Uncertainty
- Complex
- Emergent
- Experimental

EXPLOIT
- Improved understanding
- Cause and effect
- Accumulated knowledge
- Forecast

Humble, Molesky, O'Reilly, Lean Enterprise: How High Performance Organizations Innovate At Scale
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Humble, Molesky, O'Reilly, *Lean Enterprise: How High Performance Organizations Innovate At Scale*
INNOVATION PORTFOLIO

- explore
- exploit
- sustain
- retire

- kill
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- kill

Humble, Molesky, O'Reilly, *Lean Enterprise: How High Performance Organizations Innovate At Scale*
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**DISRUPT**

Humble, Molesky, O'Reilly, *Lean Enterprise: How High Performance Organizations Innovate At Scale*
It’s typical for 50% of the total product development time to be spent on the fuzzy front end

- Don Reinersten, The Principles Of Product Development Flow
"We wanted to experiment and show a new way of working to drive culture change"

-Al Ming, Senior Product Director

NYT Release Product Discovery Activity Guide To Help Others Innovate

Banjo flannel PBR&B, dreamcatcher next level commodo minim four loko fap direct trade ethical. PBR VHS esse wolf, beard Kickstarter minim commodo typewriter ex. Commodo typewriter in, flexitarian Blue Bottle small batch tousled PBR&B ut aliqua pour-over vero sustainable reprehenderit art party. Butcher literally fixie, nihil crucifix VHS chia Blue Bottle labore meditation Thundercats before they sold out enim Williamsburg semiotics.

WHAT ON YOUR HORIZONS?

CURRENT BUSINESSES
Generate today's cash flow

HIGH-GROWTH BUSINESSES
Today's revenue growth + tomorrow's cash flow

GROWTH OPTIONS
Options on future high-growth businesses

HORIZON 1
0 to 12 months

HORIZON 2
12 to 36 months

HORIZON 3
36 to 72 months

Baghai, Coley, White The Alchemy of Growth
BALANCE YOUR PORTFOLIO

Horizon 1: Execute, Sustain, Retire
Horizon 2: Demonstrate, Exploit, Scale
Horizon 3: Envision, Explore, Disrupt

Seeds of today, planted for tomorrow

Humble, Molesky, O'Reilly, *Lean Enterprise: How High Performance Organizations Innovate At Scale*
A year from now you’ll wish you started today

- Karen Lamb, Author
LEARN FAST
WHAT IS YOUR RATE OF LEARNING?

The Gap Between the Most Productive Firms and the Rest Is Growing

A look at labor productivity in manufacturing and services.

PERCENTAGE DIFFERENCE IN LABOR PRODUCTIVITY LEVELS FROM THEIR 2001 VALUES (INDEX, 2001=0)

40% –

MANUFACTURING

“Frontier” firms

Everyone else

30 –

20 –

10 –

2001 2003 2005 2007 2009

SERVICES

“Frontier” firms

Everyone else

30 –

20 –

10 –

2001 2003 2005 2007 2009

SOURCE “THE FUTURE OF PRODUCTIVITY,” OECD, 2015

Harvard Business Review: “Productivity Is Soaring at Top Firms and Sluggish Everywhere Else” 24 August 2015
ANNUAL-FUZZY-WATER-KAN-SCRUM-CONTINUOUS-FALL-BAN-DELIVERY-OPS

PMO + Finance

Iteration 0
|
 1
|
 2
|
 3
|
 4

Fuzzy front end

Study + approval

Design + planning

“Agile” teams

Analysis

Development

Testing + showcase

Integration + QA

Centralized QA

Release & operation

IT Operations

Humble, Molesky, O’Reilly, Lean Enterprise: How High Performance Organizations Innovate At Scale
CYCLE TIME THROUGH THE LOOP IS WHAT creates knowledge

Minimize the total time through the loop

Eric Ries, *The Lean Startup*
Max number of deployments in a single hour: **1,079**

Mean time between deployments (weekday): **11.6 seconds**

Mean number of hosts simultaneously receiving a deployment: **10,000**

Max number of hosts simultaneously receiving a deployment: **30,000**

*Jon Jenkins: “Velocity Culture, The Unmet Challenge in Ops” 2011*
REDUCE UNCERTAINTY WITH EXPERIMENTS

Cross-functional team

Verify qualitative

Create an experiment to test it

Validate qualitative

Evidence based decisions on outcomes to pivot, preserve or stop

Involve customers and users

Humble, Molesky, O’Reilly, Lean Enterprise: How High Performance Organizations Innovate At Scale
The Health Insurance Marketplace is Open!

Enroll now in a plan that covers essential benefits, pre-existing conditions, and more.

Plus, see if you qualify for lower costs.

APPLY NOW

WANT TO LEARN MORE FIRST? START HERE

Get covered: A one-page guide
Find the Marketplace in your state
Get lower costs on health insurance
See what Marketplace insurance covers
Get help with your application
The System is down at the moment.
We're working to resolve the issue as soon as possible. Please try again later.

Please include the reference ID below if you wish to contact us at 1-800-318-2596 for support.
Reference ID: 0.cd674017.1380600533.39d54f72
14 people
£261,000
12 weeks
Digital Transformation

Government is building digital services that are simpler, clearer and faster to use. We’re starting with these 25 services. You can follow our progress on this page.

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<th>Alpha</th>
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<th>Live</th>
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<td>1</td>
<td>15</td>
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- User needs are researched and identified
  - Learn more about the discovery phase
- A core service is built to meet the main user needs
  - Learn more about the alpha phase
- The service is improved, then tested in public
  - Learn more about the beta phase
- The service is public and works well. It’ll be continually improved to meet user needs
  - Learn more about the live phase
WHAT CAN I DO TOMORROW?
BE CLEAR AND SHARE THE PRINCIPLE OF MISSION

Principle of Mission

Executive Team
REDUCE UNCERTAINTY BY EXPERIMENTING

- Cross-functional team
- Create an experiment to test it
- Evidence based decisions on outcomes to pivot, preserve or stop
- Involve customers and users
REDUCE UNCERTAINTY BY EXPERIMENTING

Define boundaries

- Cross-functional team
- Verify qualitative
- Create an experiment to test it
- Validate qualitative
- Evidence based decisions on outcomes to pivot, preserve or stop
- Involve customers and users
REDUCE UNCERTAINTY BY EXPERIMENTING

Define boundaries

- Cross-functional team
- Verify qualitative
- Create an experiment to test it
- Validate qualitative
- Involve customers and users
- Evidence based decisions on outcomes to pivot, preserve or stop
- Investment
- Scope
- Risk level
The key to creating a lean enterprise is to enable those doing the work to solve their customers’ problems in a way that is aligned with the strategy of the wider organization.

-We Did!
THANK YOU

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www.barryoreilly.com

Download Free Sample Chapters from Lean Enterprise at http://info.thoughtworks.com/lean-enterprise-book.html