Agility and Cost

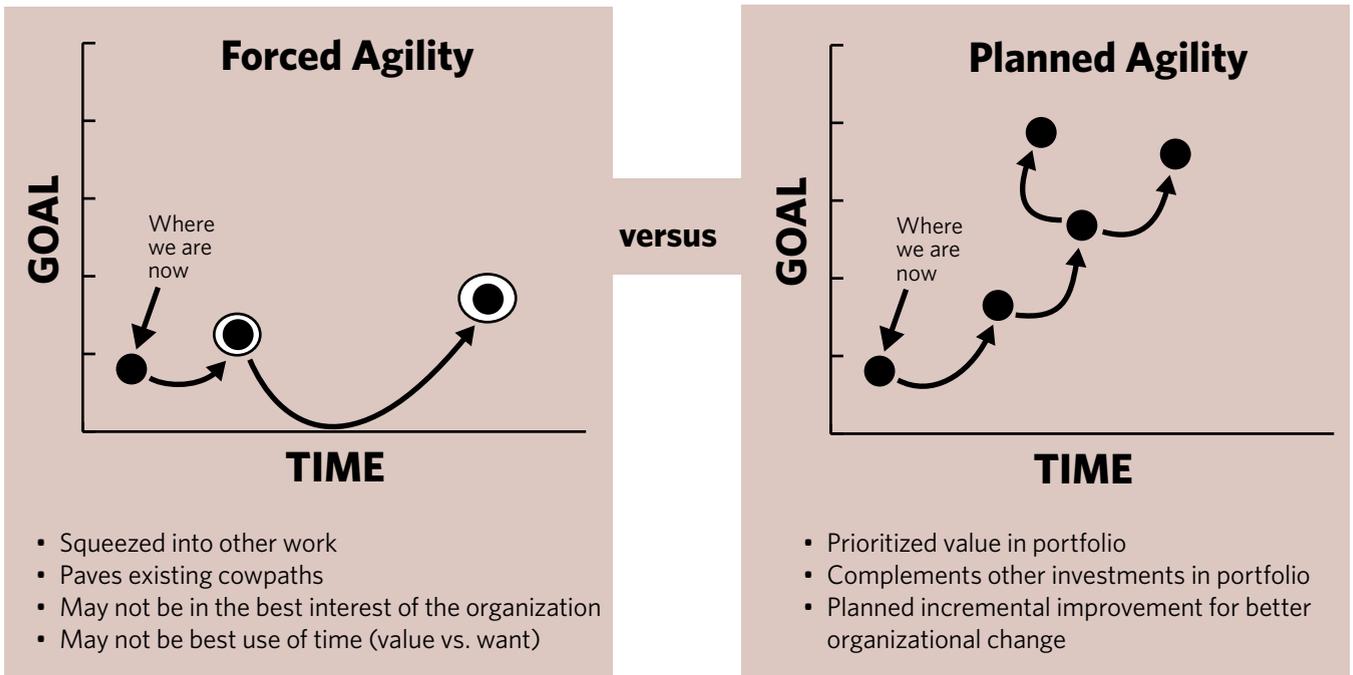## Organizational Design and Key Workflows

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Organizational agility—the ability to react quickly to changing market circumstances—is a critical necessity for effective government operations if we are to respond to the ebb and flow of political issues. Many managers apply creativity to adjust and adapt (and force agility) so this unforeseen work and their own pet projects can be executed.

While admirable, forcing agility often becomes a new paved cowpath, involving much unplanned work and eventually resulting in functional redundancy and inefficient workflow. Ironically, lean processes are inflexible by nature and must be adjusted over time; this makes their application at the organization almost a non-lean practice in itself.

When the amount of change grows too large, the entire organization becomes inefficient, and it takes significant effort (and money) to recalibrate the organization. Large organizations cannot stop operating to adapt and adjust their infrastructures to the rapidly changing demands of business, so they continue to evolve into newer levels of inefficiency. Their defined business processes, structures and systems ironically now act as barriers to efficiency and common-sense decision making. These internal barriers can also trap capable people, who eventually become

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Figure 1. Forced Agility Versus Planned Agility

Forced Agility

GOAL / TIME

Where we are now

- Squeezed into other work
- Paves existing cowpaths
- May not be in the best interest of the organization
- May not be best use of time (value vs. want)

versus

Planned Agility

GOAL / TIME

Where we are now

- Prioritized value in portfolio
- Complements other investments in portfolio
- Planned incremental improvement for better organizational change

cynical and disheartened due to their inability to change or influence obvious gaps, inconsistencies or burdensome constraints within the organization.

The organization is trapped. Projects, consultants, frameworks and models are sincerely applied, but this rarely results in the anticipated return on investment. There is a better way.

Planned Agility
Rather than throw money at the problem, consider using internal resources to do the work (instead of consultants) and implementing work practices that improve the visibility of the work being accomplished so it may be more easily valued against other work. Then, with a holistic view, adjust your portfolio with increments of work that can be executed iteratively within existing portfolio elements or as new portfolio elements. This approach avoids the need for an organizational redesign project. In this manner, the organizational redesign work can be integrated into current work using people who know the organization best, and management can prioritize and justify the work based on value rather than the perception of political influence.

Start With Your Portfolio
Most organizations have implemented portfolio identification and management practices, making them the perfect starting places since they portray the optimal state, not the status quo, as the first step in qualifying and quantifying the work undercurrents. Optimally, portfolio contents are not bound to current practices that may be ineffective or inefficient. Your end-state portfolio should identify all work that distracts workers from their core mission: systems, studies,

business process re-engineering, analysis, operations, etc. Don't worry if it doesn't. The work done here will fill it out with more context, leading to a complete portfolio of work needed in the organization.

Using the portfolio you have, identify known overlapping responsibilities and inefficient workflows within that portfolio, then answer the following questions and capture those items:

- What can we do to become more efficient in our operations and drive down overhead costs?
- How can we get our cross-functional operations working more effectively and efficiently?
- How can we increase the speed and quality of our decision making?
- How can we significantly and successfully scale while maintaining appropriate efficiency ratios?
- What can we do to get our people executing more effectively?
- How do we implement significant change and maintain or increase productivity, reduce overhead and maintain staff morale and dedication?
- How do we increase the time to market and reduce the acquisition life cycle for new products?
- What is the most effective balance of centralized and decentralized operations?
- What is an effective model to generate new ideas and efforts?

The expanded list of items will contain common themes and regulatory requirements as well as those that are interesting but do not support critical thinking or decision making.

Several studies have proven that "interesting" indicators top the icebergs of inefficient operations when an organization has forced agility. A note of caution: Regardless of efficiency, metrics and measures exist that do not provide value to you but are still mandated. While these may present your organization with an opportunity for change, political pressures may not allow changes to be made quickly. Apply common sense where it isn't common and let them be.

The expanded list just created contains ineffective workflows and structures or systems to be redesigned and implemented. Later on this list is weighted and prioritized in the other work on the portfolio and implemented incrementally. The incremental approach based upon value limits organizational shock—aka resistance to change—because the changes are smaller.

Operational Design and Workflow Analysis

The design model involves a central design team, chartered by senior management. In this model, fewer employees from a cross-section of the organization analyze, redesign and develop implementation plans that they present to senior leadership and the rest of the organization for approval and adjustment. The advantage of this model is that the design team creates continuity throughout the process and can drill deeper in some of the analysis, design and planning tasks. The

work is fundamental to the organizational design and difficult to change later. This "technical risk" must be balanced against the perceived value to the organization, and the highest-risk items must be done first. Therefore, contrary to some organizational guidance, in this instance we select the most difficult tasks sooner rather than later to allow the impact to the organization to be spread over a longer time, which also allows it to be funded incrementally over multiple years.

A hidden advantage is that working on the highest-risk items first distributes the risk over a longer period, more closely aligning to the perceived cycles of meaningful change in an organization's environment. Therefore, addressing the more problematic issues first is better for the organization than implementing the easiest and cheapest items first.

The intent is to plan the project iteratively to gain the greatest organizational value while allowing for flexibility and changes since the organization is fluid and new work and ideas will naturally continue emerging.

To prevent rework and churn, work in progress cannot be changed—however, the work of any other iterations (or blocks of work) can be reprioritized by the executive sponsor or new items can be added. Before the start of each iteration,

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design team model also fosters commitment and ownership throughout the organization, allows iterative work and organization change but requires more ongoing communication to the rest of the organization.

Planning for this "project" is no different from other project planning practices and involves identifying the stakeholders, governance model, resources and constraints (risks) in the same manner. The length of the cycle to make meaningful changes and the need for funds to enable them constrain organizational change. It is easy to fall into the trap of overspending to start something that might provide immediate but no long-term meaningful value, especially when funds are unavailable. Quick wins rarely sustain strategic change.

Strategic planning cycles constrain organizational change. These cycles are much longer than one year, and decisions made up front may not be changed feasibly later due to the political capital involved. Often the most difficult and costly

the portfolio/schedule is revalidated with the team and the sponsor for new information.

At each iteration's start, the team documents all the work it is assigned outside the project. This is to document "distracters" and provide visibility into the work for executive leadership. All distracters are documented on the organization map. During each iteration, team members from that organization or particular work flow participate in the analysis and design sessions to develop a comprehensive set of recommendations for the larger or "macro" organization, aligning that set with current strategies and business demands. The team members outline the "ideal organization"—and their place in it—identifying ideal processes, structures and systems for the whole organization. Each area will be iterated through until a logical organization emerges. Maintaining determined focus on the themes, the team creates a design that integrates the people and resources around activities critical to organization success. The participants also will

identify all transition and implementation activities (such as policy changes, employee communication, leadership training or staffing changes) necessary to implement the new design throughout the organization. The team also will identify implementation tasks such as tracking and measurement of the new design. Identifying these tasks and estimating the work creates the overall value and risk profile for each increment. These increments are updated on the master work schedule for reprioritization by the executive sponsor.

After identifying transition and implementation activities, participants sequence these on a master implementation timeline. For each iteration, the team outlines action plans, including what is to be accomplished, who is responsible for getting it done and when it will be in place. The timeline and action plans provide a concrete guide for implementing the new design throughout the organization. Instead of being left to chance, implementation of the new design iteratively becomes a well-orchestrated, planned and executed project. The master plan is detailed just enough to understand areas of integration and constraint. All detailed planning is done closer to execution when estimates are more accurate.

A helpful tip is to make sure the work takes no more than 25 percent of a design team member's time. The design team member would be led by three rotating full-time equivalents: Working Sponsor, Project Manager, and Analyst.

The following work packages and associated tools and techniques can be used to jump start the initiative. The output of these work packages is a complete portfolio of work that provides visibility to all the work to be done in the organization. Such a portfolio of valued and prioritized items encourages rational discussions on the placement of each item to the betterment of the organization.

Leverage Organization Process Assets Package
Start with what you know now by leveraging previous projects and research as shown in this box:

> **Package Project Information**
> • Wall to Wall Studies—map detail into functional map
> • Previous Organizational Studies such as 5x5—map detail work into functional map
> • Consolidate CORE (Capabilities, Objectives, Resources, Evaluative Methods), Strategy, and Requirements Planning
> • Existing Organization Map and Resources with Overlaps
> **Resources**: Work Team
> **Governance**: Represented executive from each area under analysis: i.e., one hour a week
> **Estimate Time to Complete**: i.e., one month
> **Validation**: Executive weekly review of content
> **Deliverable**: Knowledge of historical and current environment

Just Enough Analysis Package
Using prioritization techniques, organize the analysis to be done. Analyze core work processes and workflows at more levels and in more detail. In-depth process analysis starts where the larger assessment process leaves off, identifying and analyzing processes that need to be understood and mapped in more detail before conscious and accurate design decisions can be made regarding them. All mapping and designing will use visual indicators and charts publicly for transparency, ease of use and osmosis involvement. If other systems or structures need to be better understood, they may also be analyzed in more depth before moving to redesign decisions. Opportunities for improvement are better quantified and the design project can now be planned and implemented in depth.

> **Package Project Information**
> **Resources**: Core Team
> **Governance**: Each Executive: i.e., one hour a week
> **Estimate Time to Complete**: i.e., two months
> **Validation**: Brief work plan to responsible official
> **Deliverable**: Prioritized Master Work List

Iteration Work Package
The team and the executive sponsor will develop the master schedule consisting of blocks of work, or "iterations." Working from an initially prioritized list of "investments [in time]" managed by an executive sponsor, the team will take the highest-priority work and analyze, design and implement the change iteratively from a master schedule. Each increment may be delivered in one iteration, grouped with other increments for iteration or a combination.

> **Package Project Information**
> **Resources**: Core Team plus members from organization or workflow addressed
> **Governance**: Each executive: two hours a week
> **Estimate Time to Complete**: Rhythm to be set at planning
> **Validation**: Executive weekly review and initial of visual indicators
> **Deliverable**: Defined objective of that work list item from the portfolio

Analysis Tools and Techniques Employed
The purpose is to create working environments that take into account current strategic capabilities, shortfalls and redundancies to eliminate isolated, independent stovepiped planning while following foundational principles.

Describe requirements in terms of strategic capabilities by replacing statements such as "we need shared services" with "we have a strategic capability redundancy in that three departments perform the same function" or "we have identified four non-value-added steps in the process for creating a procurement package for Human Capital Systems."

Derive needs from a top-executive, cross-departmental and multidimensional perspective using more than one "technique or tool." One tool: Use CORE: What needs to be done (Capabilities)? How well (Objective measures)? With what (Resources)? How will we know it is being done or how well the goal was met (Evaluative methods)? Who is best to do each step, where is it done, how will we know it is being done, and with what? How will we know it is being done or how well the goal was met? CORE analysis is designed to challenge existing approaches and provide impetus for improvement. Another tool: Apply mind maps or the "five why" technique after the first tool is used. The intent is to flesh out additional information and justification. There may be a valid and cost-worthy reason for redundancy.

Top Down Analysis

Distill studies, strategic plan, organization chart and executive interviews to determine primary functions. Separate primary duties from analysis, special projects, additional duties, etc., and create a function chart that groups similar functions. Where there is overlap, do a deeper dive using techniques to determine variances and the cost profile. Conduct select "day in the life of" or workload capacity analysis that considers the Hawthorne effect, in which changes in the work environment (such as being studied) spark alterations in workers' behavior.

Validate with executive staff in weekly meetings. Where a capability gap exists, determine the outside capability, then analyze and make recommendations.

Root Cause Analysis

Next, validate any audits and analyses to date and conduct Root Cause analysis for actions that are incomplete, reported inaccurately or accomplished multiple times.

Key Performance Indicator Validation

Using information provided to external organizations only (such as Government Accountability Office [GAO]) on progress, metrics or issues, validate each against actual criteria. For example, the Department of Homeland Security Human Capital Management had seven GAO outcomes identified in 2011. None of these was fully addressed, three were mostly addressed and four were partially addressed.

Value Mapping

Mind map the capabilities and requirements and compare to the derived Functionality Map. Identify the total cost of flow, and the cost of delay or waste.

Kanban

All work planning design and implementation will use Kanban (from the Japanese for "signboard") concepts of lean work management that will be taught to the core team.

Visualize, manage workflow. Knowledge work is inherently invisible. Visualizing the flow of work and making it visible is central to understanding how work proceeds. If the workflow is not understood, it is harder to make the right changes. A common way to visualize the workflow involves using a wall with cards and columns. The columns on the card wall represent the different states or steps in the workflow.

This implies that a "pull" system is implemented on parts or all of the workflow. The pull system will provide one of the main stimuli for continuous, incremental and evolutionary changes. The critical elements are that work in progress (WIP) at each state in the workflow is limited and that new work is "pulled" into the new information discovery activity when there is available capacity within the local WIP limit.

Work flow should be monitored, measured and reported. Actively managing the flow allows evaluation of the continuous, incremental and evolutionary system changes for positive or negative effects on the system.

Have explicit policies. Until the process mechanism is made explicit, it often is hard or impossible to discuss improving it. Without an explicit understanding of how things work and how work is done, any discussion of problems tends to be emotional, anecdotal and subjective. With an explicit understanding, it is possible to move to a more rational, empirical, objective discussion of issues. This is more likely to facilitate consensus around improvement suggestions.

Implement feedback loops. To enable evolutionary change, collaboration is vital in reviewing the flow of work and demand versus capability measures, metrics and indicators—and this must be coupled with anecdotal narrative explaining notable events. Organizations that have not implemented the second level of feedback—the operations review—generally have not seen process improvements beyond a localized team level. As a result, they have not realized the full benefits of Kanban observed elsewhere.

Improve collaboratively, evolve experimentally. Kanban encourages small continuous, incremental and evolutionary changes that stick. When teams have a shared understanding of theories about work, workflow, process and risk, they are more likely to be able to build a shared comprehension of a problem and suggest improvements that can be agreed upon by consensus. The Kanban method suggests that a scientific approach is used to implement continuous, incremental and evolutionary changes. But Kanban does not prescribe a specific scientific approach.

Summary

Organizational change is expensive but necessary. Using resources that know your organization, and decomposing the work into smaller prioritized packages, can achieve success where no other success is possible. In addition, the organization is strengthened by the visibility and growth of knowledge in its operations.

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