

THINKING FOR CHANGE

Applying inherent simplicity to the question of leadership
and the management of change

Presented by Dr Ted Hutchin

TOC-Lean Institute





Some initial thoughts

- ☞ What is the number one priority?
 - | *In other words, what is our goal?*
- ☞ How much time do we spend on that?
 - | *Consider the typical working day – how much time is spent on activity that takes the organisation towards the goal, is working on the necessary conditions to achieve the goal?*
- ☞ How many of us believe that the vast majority of the people in the organisation possess far more creativity, resourcefulness, ingenuity, intelligence and talent than their jobs require or even allow?
- ☞ How many feel a lot of pressure to produce more for less – but we fail to use the talent we have!



Chronic Problem of Organisations

(Covey Sept 2007)

- ☪ Mind
 - | No shared vision or values
- ☪ Spirit
 - | Low trust
- ☪ Body
 - | Misalignment
- ☪ Heart
 - | Disempowerment

- ☪ *We work with many companies for whom this is a valid description, but it does not have to be like this.....*



Chronic Problem ctd

- ⌘ Teams have unclear goals
 - | *Ask any team – what is the number 1 priority? Eventually urgency replaces importance – there is widespread dysfunctional behaviour and protective communication*
 - | *Ask, with eyes closed, each person to point north – then open eyes*
- ⌘ The members of the team run around in all directions
- ⌘ The basic sequence of Goals – Strategy – Tactics – Action is missing in many cases
- ⌘ The Execution Gap
 - | *Less than 15% can identify the most important goals and priorities – remember the front-line produces the bottom-line*
 - | *19% feel passionate about the top goals – the rest are not involved*
 - | *49% of time is spent working on the goal, the rest on other things*
 - | *51% do not understand what you have to do to meet the goal*
 - | *“In order to reach goals you have never reached before, you have to start doing things you have never done before”*



What is the mission for any organisation?

- ⌘ Sustained financial success
- ⌘ Sustained track record in meeting clients needs
- ⌘ Excellence in our people and business partnerships
- ⌘ Developing our unique personality and culture



Paradigms and moving forward

- ⌘ A “breakthrough” is a “break with” an old paradigm
- ⌘ Now we have to face two things: the need for a paradigm shift and the reality of paradigm lock
- ⌘ We need a whole new different way of thinking
 - | *Quantum improvements = paradigm shift*
- ⌘ If you have the wrong map then trying harder does nothing, greater efficiency does nothing.
- ⌘ People are not “expense items” they are assets of enormous importance, as long as we continue to see them as expense items we will remain in trouble
 - | *Part of our work is to enable paradigm shifts, and unlocking where paradigms become locked*



The industrial age vs the age of wisdom

- ⌚ Kind Control gives way to Unleashing Talent
- ⌚ Formal Authority gives way to Moral Authority
- ⌚ Boss Centred gives way to Complementary Teams and Servant Leadership
- ⌚ People as Expense gives way to People as a voiced, passionate asset
- ⌚ External control gives way to internal, inspirational
- ⌚ The boss owning responsibility gives way to the Culture which owns the responsibility for results
 - | *This is about an emotional connection to the strategy*
 - | *It is about giving satisfaction to the people*
 - | *It is about constantly getting better at what we do*
 - | *It is the culture of innovation*



Core Values of Organisations

- ☪ *Talent* – what are you good at?
- ☪ *Spirit* – what is life asking of me, what should I contribute in this service (a sense of calling)?
- ☪ *Need* – What does the body need in order to serve?
- ☪ *Passion* – what do you/I love doing?



Leadership and what it means

- ☞ We must live life in crescendo (Covey)
 - | Personal greatness
 - | Leadership is not a position it is a choice about moral authority
 - | Leadership is about inspiring greatness, clarifying purpose, aligning systems and unleashing talent
 - | Greatness is about sustained superior performance and the discipline of execution
 - | Leadership is about communicating worth to people so clearly that they are inspired to find it for themselves



Elements of Greatness

- ☛ Covey argues that there are four elements of greatness
 - | Sustained Superior Performance
 - *The application of the relevant tools and techniques such as Lean, TOC and DMAIC*
 - | Unleashed People
 - *Thinking For Change programmes in terms of personal, team and organisational focus*
 - | Loyal, promoting, customers
 - | Distinctive Contribution



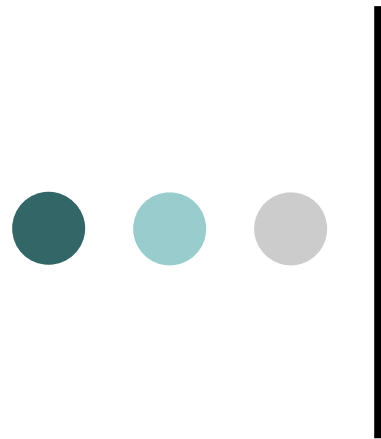
Greatness – a definition

- ☪ Personal greatness
 - | Our own values and mission
- ☪ Leadership greatness
 - | Inspirational
 - | The ability to lead, and enable others to lead
- ☪ Organisational greatness
 - | Sustained, superior, performance
 - | Disciplines of execution
- ☪ Live by integrity and principles
 - | This adds value to our organisations
 - | This meets needs, ours and the needs of others



Execution – make change happen

- ☞ Focus on the wildly important
 - | The goal and the necessary conditions
- ☞ Act on the lead measures
 - | Make sure you know what they are!
- ☞ Create a cadence of accountability
 - | Throughout the whole of the organisation
- ☞ And keep asking this question “what does it mean to be a servant leader?”
- ☞ Focus on making it happen



The role of “Thinking For Change”

Why thinking in a new way is crucial for real, sustainable, improvement at all three levels, the individual, the team and the organisation as a whole





Change and the management of change

☪ The greatest challenge facing leaders within all organisations today is:-

☪ *CAN WE LEAD CHANGE?*

- ☪ And for many people the answer is NO!
- ☪ Yet change is a necessary condition for almost all organisations
- ☪ It is a constant demand within almost all types of organisations
- ☪ It applies at the level of the whole organisation, at the team level, and at the level of the individual



Objectives of the TFC programme

☞ Creating within the organisation

- ▮ A renewed passion for the customer
- ▮ Alignment of people and decisions
- ▮ A platform for both stability and growth
- ▮ An understanding of the links between values and value
- ▮ Creating a better life for all within the organisation founded on win-win relationships



Objectives continued

- ⌘ The objectives of the preceding page are to be accomplished through the following:
 - | Determining the core issues holding the organisation back versus the goal
 - | Developing a solution that removes these core issues and thus creates a platform for growth without risking stability
 - | Developing the ability to implement such solutions in a win-win manner and putting the results onto the bottom-line
 - | All of which means leading and developing change strategies that deliver
 - | Learning how to do it for yourself thus being able to sustain progress towards the goal



Where does the demand for change come from?

- ⌘ Performance is below expectation
- ⌘ New opportunities are not being taken advantage of
- ⌘ The current system is not capable of meeting the demand placed upon it
- ⌘ The current system cannot be changed
- ⌘ The existing structure does not allow for generating demand
- ⌘ The current people do not have the right skills

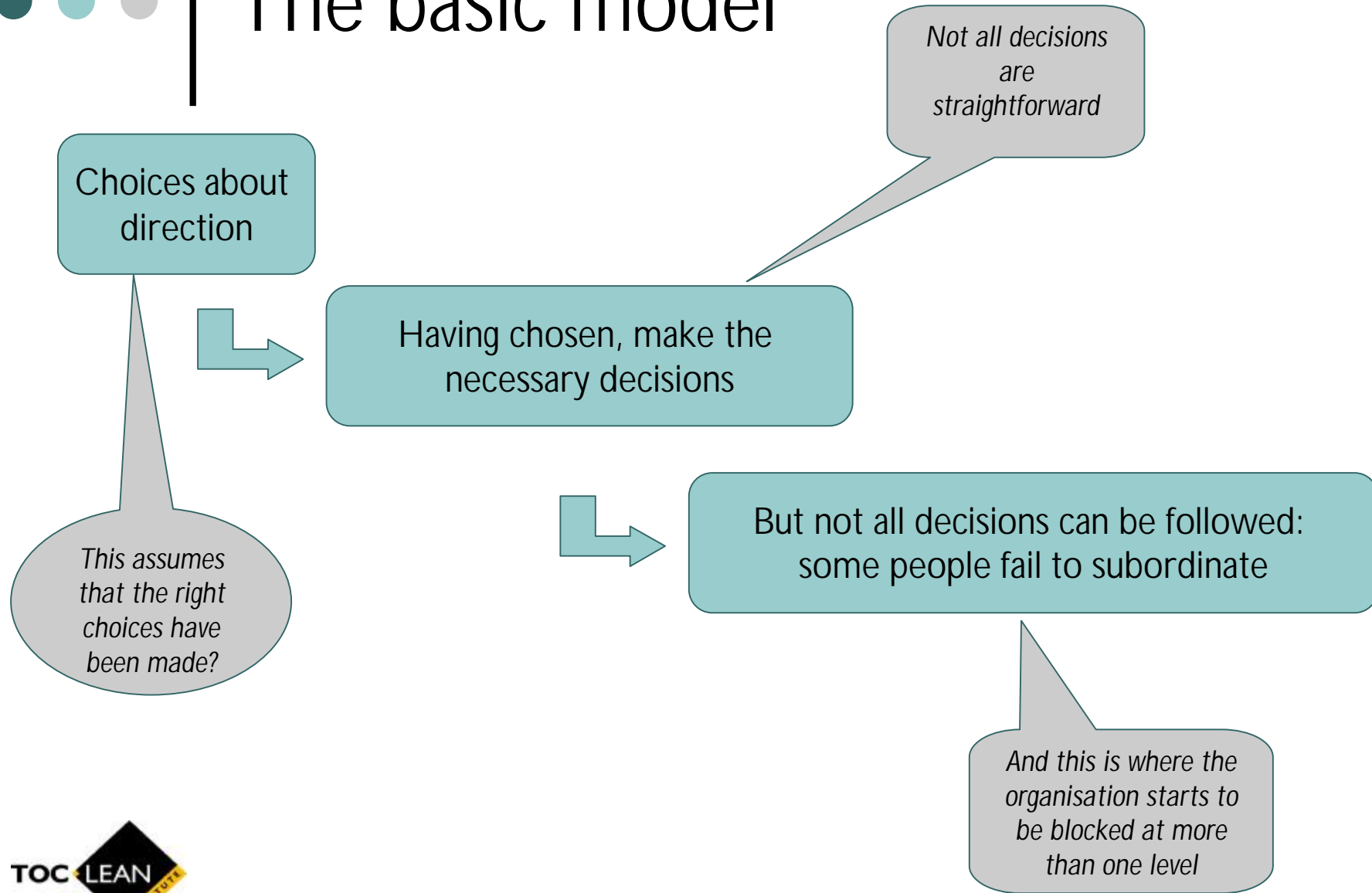


Change implies Choices!

- ☪ Many senior people within organisations today are faced with having to make choices between competing options for direction
- ☪ Having chosen, they are then faced with a set of decisions related to that choice
 - | Change the choice, change the decisions
- ☪ Then they find that not everyone is keen to implement the decisions mandated by the choice
 - | This means that people find it very difficult to subordinate to the decisions even if they were involved in the original choice process!
- ☪ Therefore the demand for change forces choices, which in turn are subject to constraints
- ☪ This typically results in the organisation being blocked
- ☪ It also results in the team being blocked
- ☪ And finally the individual also finds himself, or herself, blocked as well!



The basic model





So we are faced with a new choice!

- ☞ Stay as we are or risk the change
 - | What are the implications of staying as we are?
 - | What are the implications to changing?
- ☞ In both cases there are pros and cons – so how to choose?
- ☞ And this assumes we know what to change to – so what happens if we don't?
- ☞ This is all about the conflict between growth and stability – we all want growth, but not at the expense of stability – but how to achieve both?



So what is the current situation?

- ☞ Many leaders within organisations are frustrated at their inability to lead change throughout the whole of the organisation
- ☞ Many teams are unable to carry through the changes necessary
- ☞ Many individuals feel unable to participate in the change process, engage with it, contribute to it and so on



What does it mean to be blocked – the organisational level

- ☞ Many organisations are blocked from making progress
 - | Blocked in terms of performance
 - | Blocked in terms of the market
 - | Blocked in terms of change
 - | Blocked in terms of developing people to lead
 - | Blocked in all manner of ways



What does it mean to be blocked – the team level

- ☞ Many teams are blocked from making progress, especially in terms of relationships within the team and to those outside
 - | Conflicts abound
 - | Projects fail
 - | Ideas get dropped, or stolen!
 - | Rules and procedures not followed
 - | People think they know better



What does it mean to be blocked – the individual level

- ☞ Many individuals are blocked from making progress, within themselves, within the team and within the organisation
 - | Life is difficult
 - | Stress is high
 - | Daily conflicts
 - | Priorities changing
 - | Frustration high
 - | Staff turnover high
 - | Health and related problem happen regularly
 - | Life is out of balance
 - | Home issues are affected and vice versa



And what is the inevitable result of all this?

- ⌘ In some case people work around the block
- ⌘ Much political activity
- ⌘ People form into groups to defend their position
- ⌘ In others they ignore the block completely
- ⌘ Carry on as if nothing has changed, or will change
- ⌘ In others they try to resolve the block but often with little or no success
- ⌘ And much more.....



Re-thinking the organisation demands our attention

The *Thinking For Change (TFC)* approach to developing the unconstrained organisation, one that is transformed in terms of results, relationships and individual well-being





The *TFC* Change Process

- ⌘ Gain consensus on the core problem
 - | Organisational level
 - | Team level
 - | Individual level
- ⌘ Gain consensus on the direction of the solution
 - | O,T,I (all three levels)
- ⌘ Gain consensus on the benefits of the solution
 - | O,T,I (as above)
- ⌘ Overcome all the reservations towards the solution
 - | Obstacle to the success of the implementation of the solution
 - | Potential negative outcomes from implementing the solution
- ⌘ Make it happen
- ⌘ Keep it happening



Gain consensus on the core problem

- ⌘ This is where our process of analysis applies known as the Theory of Constraints Thinking Process (TOC/TP) from which we developed the Thinking For Change (TFC) programme
- ⌘ This level of consensus is based on the identification of the core problem through a rigorous analysis that answers the question “what to change”?
- ⌘ The second stage is to fully communicate the analysis to as wide a population of the team as possible in order to gain the required consensus



Consensus on the direction and benefits of the proposed solution

- ⌘ This is where we answer the question “what to change to”?
- ⌘ It takes the same level of rigour of the core problem analysis to construct the solution in such a way that it properly removes the core problem and creates a new, unblocked, organisation
- ⌘ The same level of communication must also take place to gain the required consensus in both areas, direction and benefit.



Overcoming the reservations

- ⌘ This is all about answering the question “how to effect the change”?
- ⌘ Even when people agree with the analysis to date they will still have reservations about how to do the implementation
- ⌘ These fall into two categories:
 - | Obstacle to the success of the implementation
 - | Possible negative outcomes of implementing the solution
- ⌘ The rigour applied to date is now used to construct a do-able implementation plan that overcomes all the reservations and grounds the solution in reality, ready for execution



Making it happen

- ⌘ This is where the implementation plan which has been developed, and incorporating all the upgrades that the reservations have caused, is put into practice
- ⌘ The solution should also be checked for:
 - | Replicability, sustainability and scalability
- ⌘ Measures of progress are also used to ensure the plan is executed in a timely manner with the expected results achieved.
- ⌘ Where new and unexpected obstacles occur the TFC process is used to upgrade the plan accordingly
- ⌘ On-going support and coaching to ensure that progress is maintained



Summary of the *TFC* process

- ☞ This requires clear answers to four questions
 - | What to change?
 - Identifying the real blockage within the organisation preventing it from moving forward towards the goal
 - | What to change to?
 - Developing the solution that enables the organisation to achieve the goal
 - | How to effect the change?
 - The steps necessary to implement the solution
 - | How to maintain the change?
 - Replicable, sustainable and scaleable
 - On-going support and coaching



So where do we start?

- ☛ There are three aspects to addressing the blockages within an organisation
 - | Do we know what the goal is?
 - | What are the necessary conditions for achieving the goal?
 - | Are we measuring progress towards the goal?
- ☛ The answers to these questions inform us as to whether there is a need for change, that there is a real and pressing need to address one, or maybe a number, of blockages to progress within the organisation.



So... we are underperforming against the goal

- ⌘ Clearly something needs to change – but what?
- ⌘ We need a rigorous process that enables us to answer the first question – “what to change”?
- ⌘ We do this using the focusing tools of the TFC Process

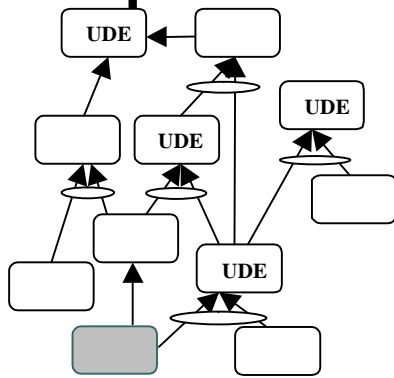


Creating a learning organisation

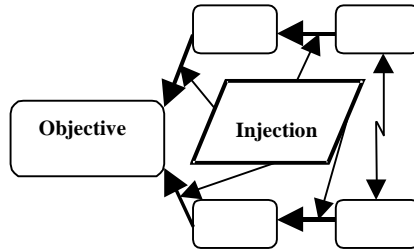
- ☞ This is a critical aspect of any team that suffers from being blocked.
- ☞ It must create within itself the ability to learn as a team, to develop tools and techniques that can capture good ideas and learn from them
- ☞ Transfer good practice from within to other parts of the organisation, and also from outside.

Thinking Process

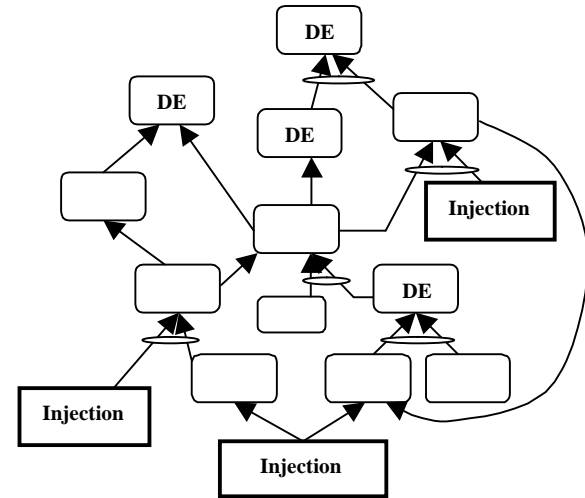
1. Current Reality Tree



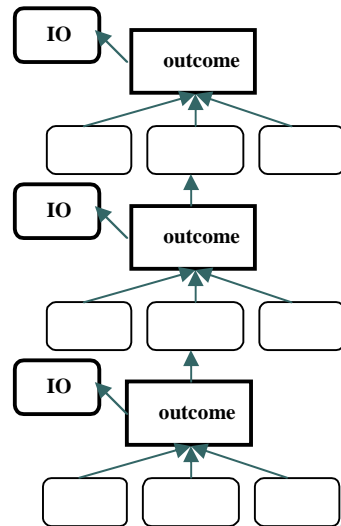
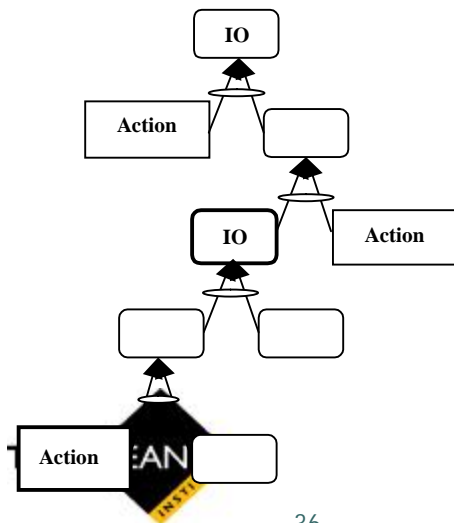
2. Evaporating Cloud or Conflict Resolution Diagram.



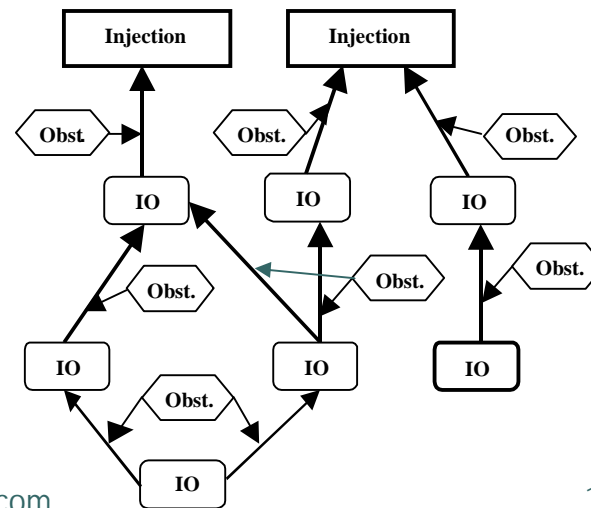
3. Future Reality Tree



5. Transition Tree



4. Prerequisite Tree





Reading List

- ☪ *The Goal* by Eli Goldratt and Jeff Cox
- ☪ *It's Not Luck* by Eli Goldratt
- ☪ *Constraint Management within Manufacturing* by Ted Hutchin
- ☪ *Thinking for a Change* by Lisa Scheinkopf
- ☪ *Enterprise Focused Management* by Ted Hutchin
- ☪ *Unconstrained Organisations* by Ted Hutchin
- ☪ *Necessary but not Sufficient* by Eli Goldratt



Making Contact

- ☎ Dr Ted Hutchin
- ☎ I & J Munn Ltd
- ☎ 22 Digby Drive
- ☎ Melton Mowbray
- ☎ Leicestershire
- ☎ LE13 0RQ
- ☎ Tel +44 (0) 1664 502860
- ☎ Fax +44 (0) 1664 502870
- ☎ E-mail – tedh@constraintmanagement.co.uk
- ☎ Web – www.constraintmanagement.co.uk