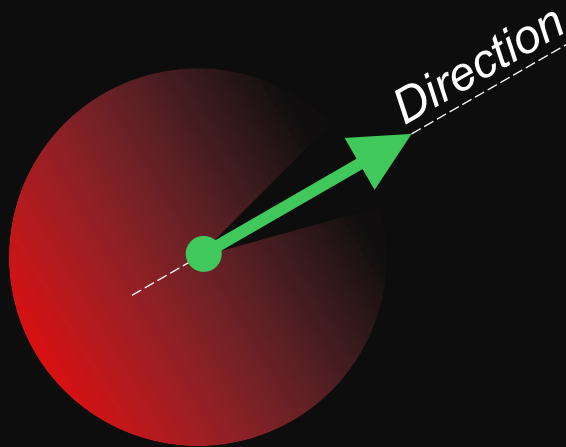# Lessons Learned From Leading Several Lean Transformations, Ranging From a Start-up to Large Multinational Corporations

Keep it Simple – No Premium for Complication

Direction

Full Feedback Cycles

The Team's Work Flow

THE SCIENCE OF IMPROVING INNOVATION

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Purposes of Transformation

← where come from **Why?**   **Vision!** **on the way to →**

- **Customers** dissatisfaction

- Constantly **delayed**

- Long Customer **Lead Time**

- "Reinvents the wheel"

- Disrupted (**technology**, SaaS, A.I. …)

- Financial **setbacks**

- Unmotivated **employees**

- etc.

- Create superior **customer value**

- Build the right things (**effectiveness**)

- Reduced **Time To Market**

- Improve customer **retention**

- Create more **innovations**

- **ROI** increase

- **Engaged and responsible** employees

- etc.

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Learnings from Multiple Transformations

Key Enabler	1st	2nd	3rd	4th
C-level sponsors	⊙	⊙	⊙ / ✗	⊙
Teams (small, multi-talented)	⊙	✗	▲	⊙
Entrepreneurial Leadership	▲	⊙	✗	▲
Rapid problem-solving	⊙	▲	▲	⊙
Make flow visible	▲	✗	▲	⊙

⊙ = Good   ▲ = With deviations   ✗ = Not working / in use

Made a framework, learned how to solve problems rapidly

Team grow too fast, failed to train new leaders (new trainers)

Good start, but C-level sponsor left after a year. Old school successor

Clear direction, small teams tested first and made gaps visible

Improvements for next transformation ➜

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Learnings from Multiple Transformations

Key Enabler	1st	2nd	3rd	4th	Learnings to make use of
C-level sponsors	1	1	1	1	Sponsors providing long-term support crucial
Teams (small, multi-talented)	2	X	2	2	Leaders train small teams, expand stepwise
Entrepreneurial Leadership	▲	2	X	3	Define 'Direction of Travel' (value-focus)
Rapid problem-solving	3	3	4	4	Ask to be sure – run many simple trials to error
Make flow visible	4	X	3	5	All sees portfolio, products & gaps

✳ = Initial focus and training   ① = Transformation priorities/ order

Entrepreneurial Leader-ship ↗ Direction ↗ Gap

Network of small teams Function/ customer value Teams test and design

C-level ↗ Teams ↗ Direction ↗ Small trials ↗ Flow on all levels

Co-create based on major principles

More Do's and Don'ts (case by case) ➔

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Do's and Don'ts

- Do yourself, what you wants others to do. Be the **role model**.

- Do act both as a leader and **the trainer**.

- Do organize in a network of **small teams**, learning about different customer value perceived by end users.

- Do gather **customer feedback** from joint testing, accept that it's a buyer's market you serve.

- Do **on-the-job-training** to the problems.

- ✗ Don't expect to successfully conduct a sustainable transformation without long-term commitment from **C-level**.

- ✗ Don't <u>ever</u> wait, to build even more complete **prototypes**. Feedback cycles become too slow, test results too complex, and unknown risks emerge too late.

- ✗ Don't let "perfect get in way of better." Rather a **constant flow** of many small victories.

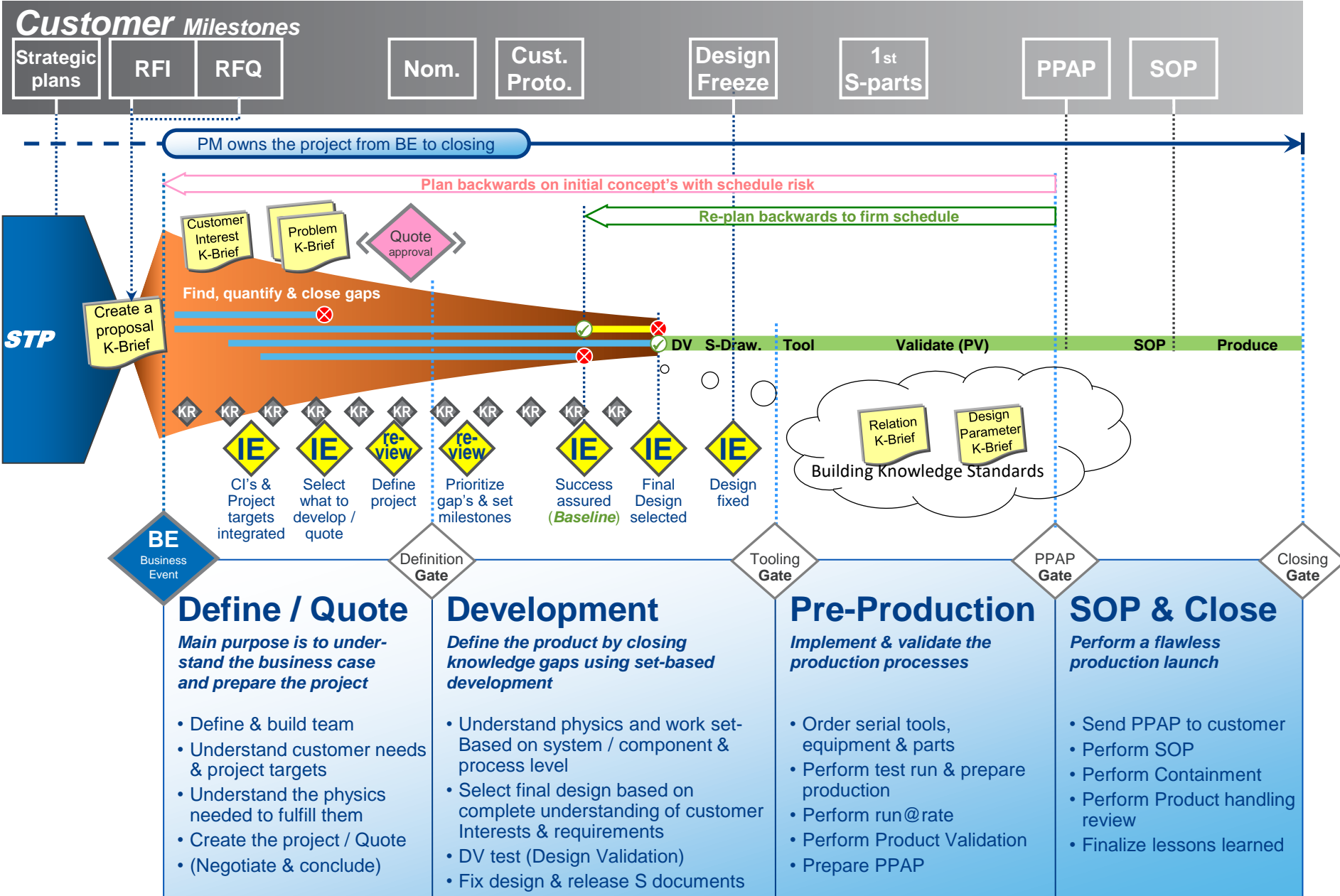- ✗ Don't lock yourself in a **detailed plan**, without buffer time to protect for variance.

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1st

Global Tier 1

10 000 employees

HQ in Scandinavia

My Role:

R&D Director +
Transformation Leader

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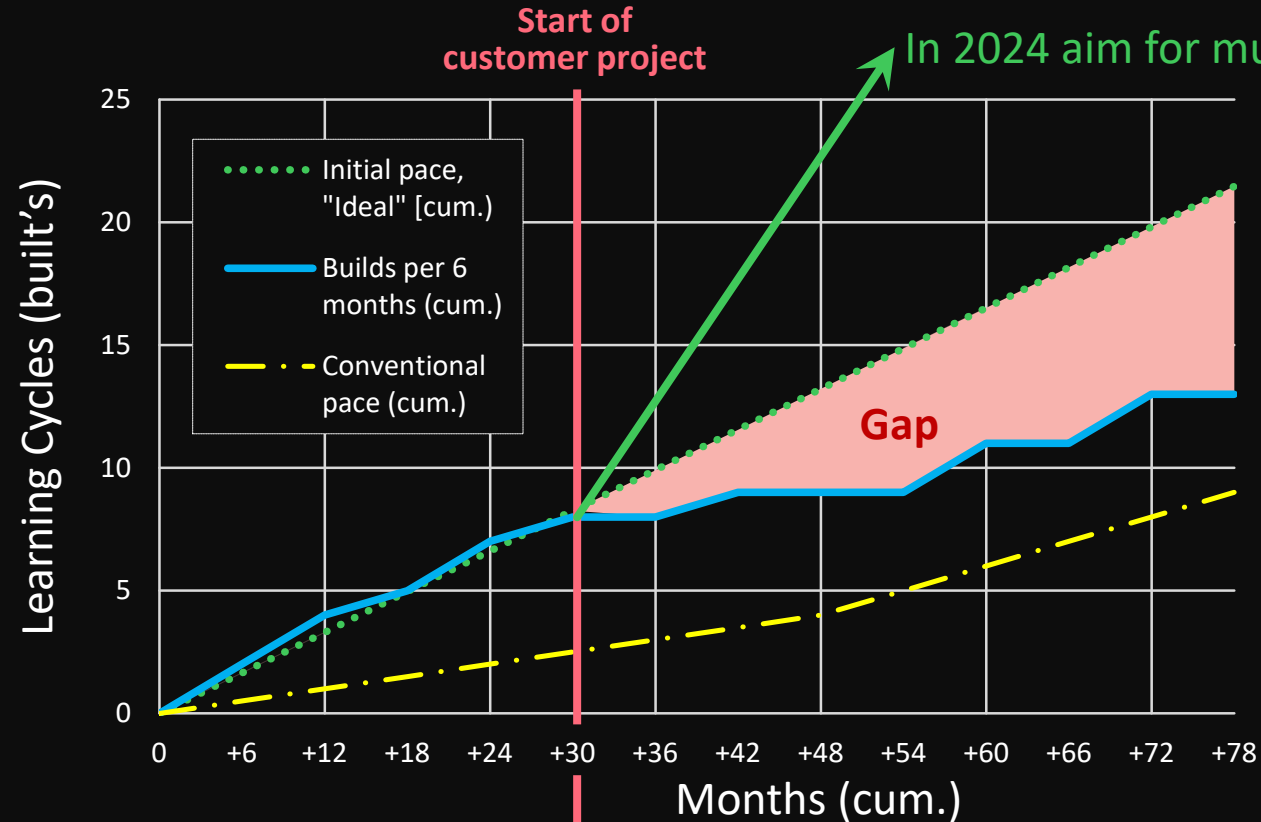# Rapid Problem Solving Through A3 Process and LAMDA Technique

2nd

Tier 2

Start-up – New Venture
Business Development

HQ in Scandinavia

My Role:

CEO +
Entrepreneur

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Lost Momentum, Flow and Small Teams

Start of customer project

In 2024 aim for much shorter cycles

Learning Cycles (built's)

- ······ Initial pace, "Ideal" [cum.]
- —— Builds per 6 months (cum.)
- —·— Conventional pace (cum.)

Gap

25 20 15 10 5 0

Months (cum.)
0 +6 +12 +18 +24 +30 +36 +42 +48 +54 +60 +66 +72 +78

From Start. Small Teams made own plans and delivered outcomes in 4 months iterations:

8 feedback learning cycles in 30 months

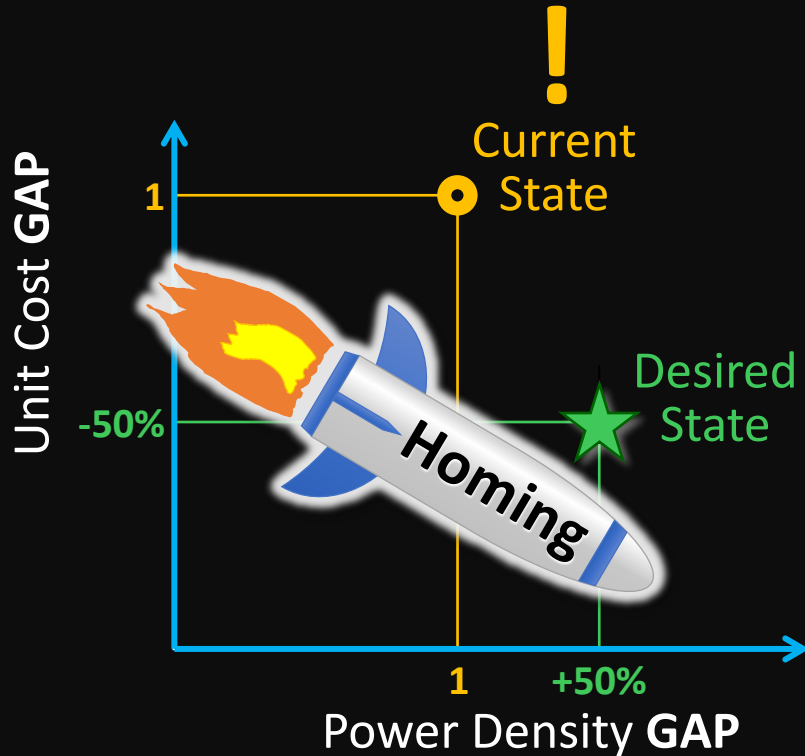**Thereon**. Project Managers "bought hours" and aligned built's to customers' 12 months iterations:

3 feedback learning cycles in 30 months
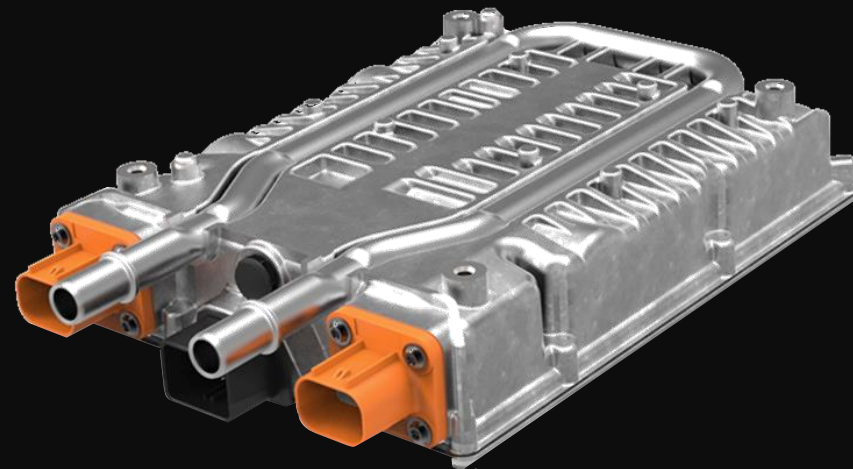
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Entrepreneurial Leadership:
Define the 'Direction of Travel' (vector)

- No one can determine an outcome in a complex situation, but you can measure the vector i.e.

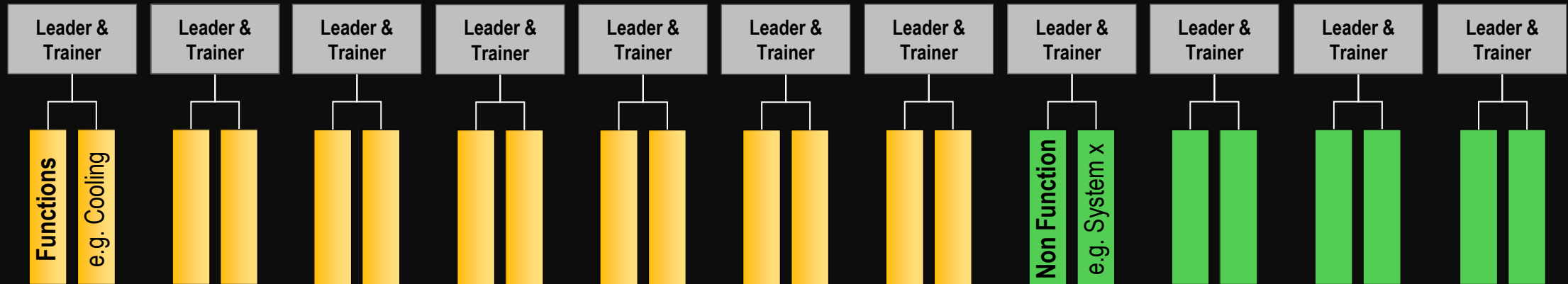- Are we going in the **right DIRECTION** at the **right SPEED** and with the **right RESOURCES**.

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3rd

Global Tier 1

New Category Product

20 000 employees
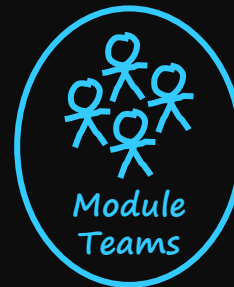
HQ in U.S.

My Role:

R&D Director +
Transformation Leader

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Flat Organization – Network of Small Module Teams

Leaders and Trainers

Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer	Leader & Trainer

Functions / e.g. Cooling

Non Function / e.g. System x

- FUNCTION is basis to define CUSTOMER VALUE

- "Verbs" not "Nouns"
  (to Cool not the Cooler)

Module Teams

- Small Module Teams run full feedback cycles i.e. connect front and back ends

- Own its Flow and Knowledge

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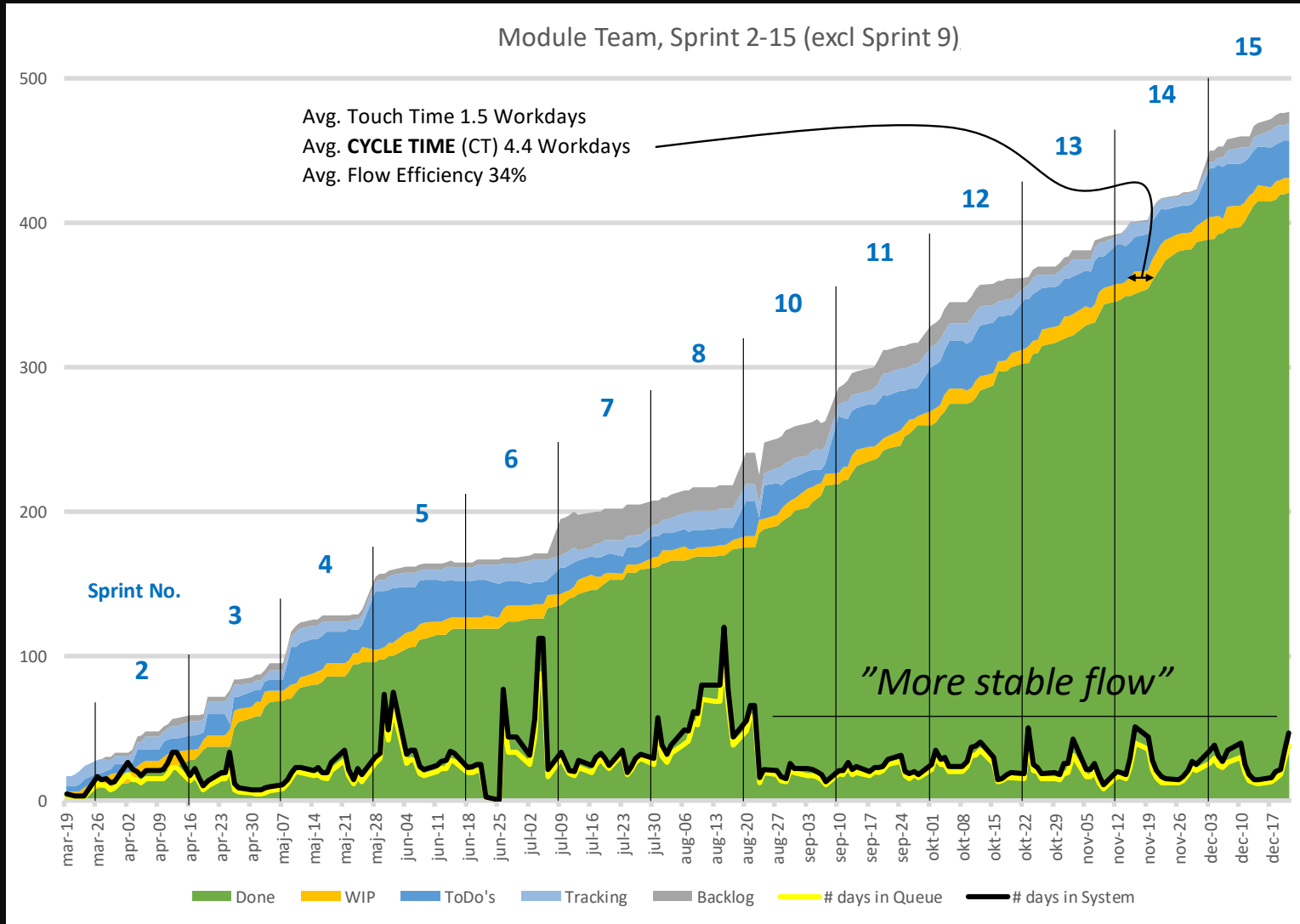# 4th

Global Tier 1-3

New Category Product (+Pandemic)

1 500 employees

HQ in Scandinavia

My Role:

R&D Director + Transformation Leader

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Module Teams Cumulative Flow Diagram

Module Team, Sprint 2-15 (excl Sprint 9)

Avg. Touch Time 1.5 Workdays
Avg. **CYCLE TIME** (CT) 4.4 Workdays
Avg. Flow Efficiency 34%

"More stable flow"

Sprint No.

Legend: Done | WIP | ToDo's | Tracking | Backlog | # days in Queue | # days in System

Specific Module Team:

- 13 Sprints

- Avg. flow efficiency 34% "Touch / Elapse"

- WIP Constraints is **KEY**

Module Teams

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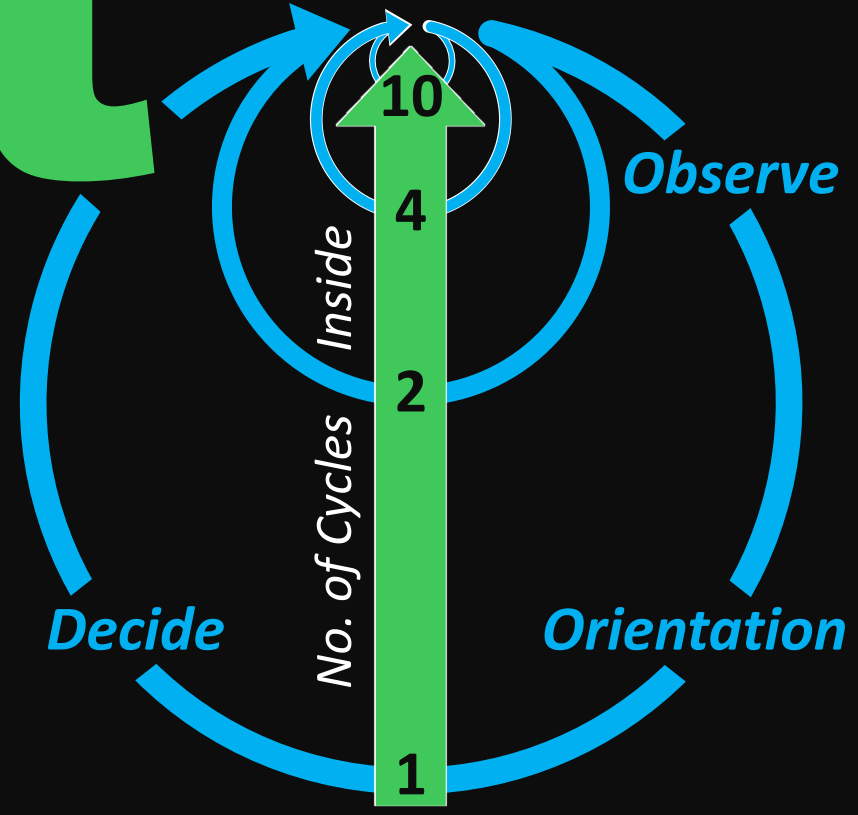
Image. John Boyd's OODA–loop, as example of efficient feedback loop.

Transaction Cost Drives Total Cost

"Late & Seldom"

Transaction Cost Vs. No. of Iterations

Transaction Cost [time to build + test]

100

50

20

10

1   2   5   10   15

No. of Iterations

"Constantly"
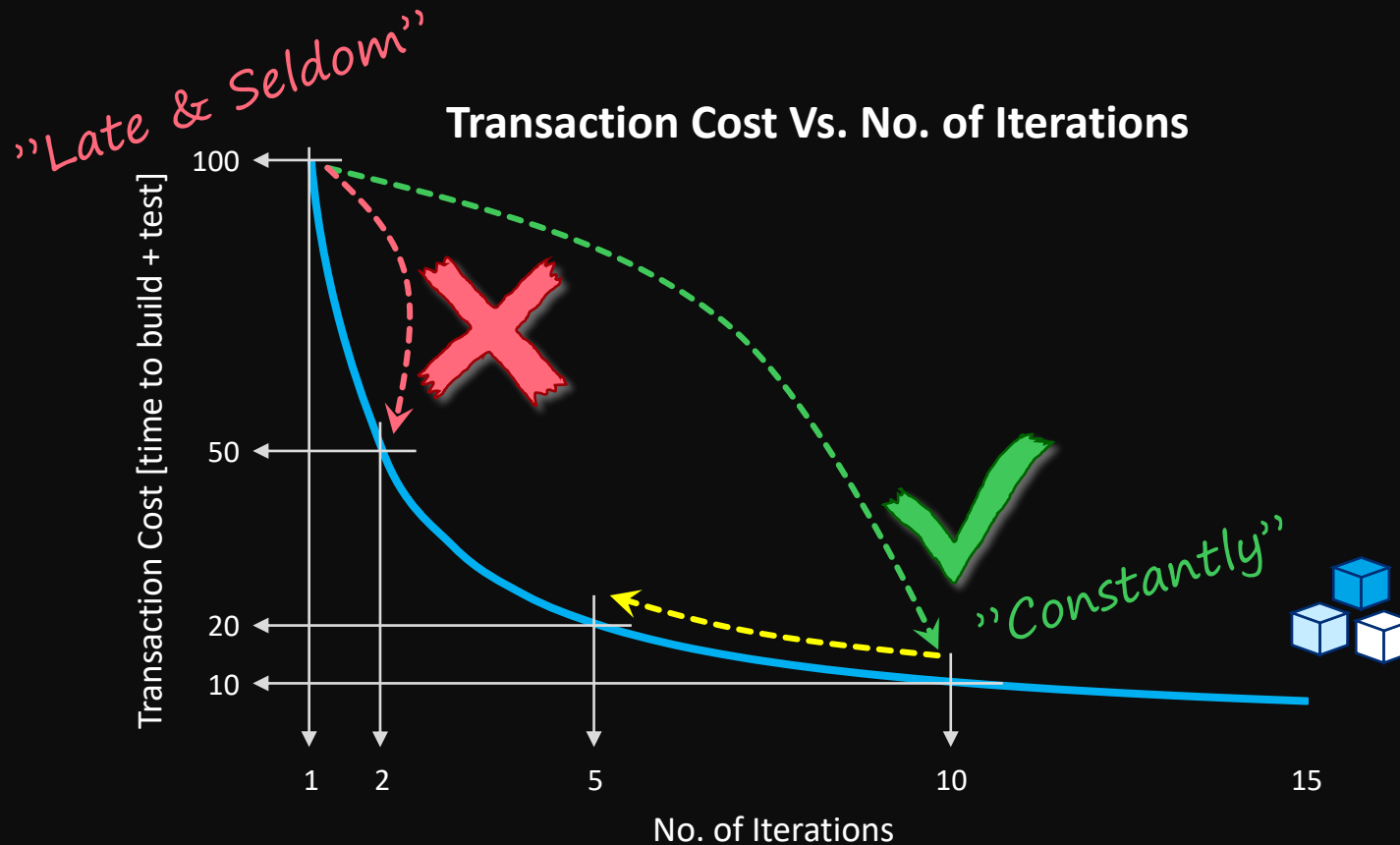
Don't try to half (1/2) the feedback cycle time.

Do challenge your teams, targeting feedback cycle time of 1/10. Run multiply iterations not to miss out.

Initially feedback-cycle-time overruns will happen. 2x overrun is anyway 5x faster, as long as the team learns. Teams train and improve.

"10x No. of iterations → Learning 10x faster → Improving 10x faster"

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1. Define **direction of travel** (vector).
2. **Teams** to quantify, break down and **close gaps through testing**.
3. Make the **flow** and state-of-occupancy **of gaps visible**.

Joint Mission
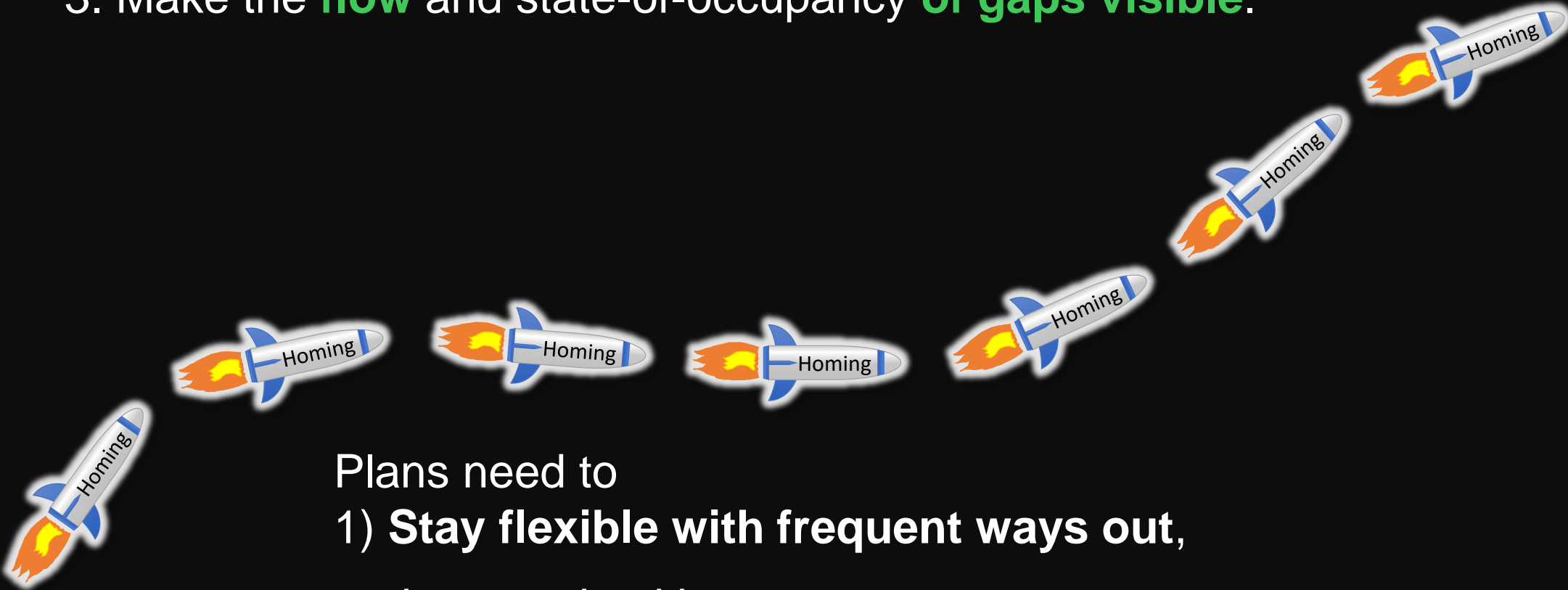
Plans need to
1) **Stay flexible with frequent ways out**,

and counterintuitive
2) **Be very short term, in order to properly capture the long term.**

Nassim Taleb, Antifragile

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Three Fundamentals

1. **Mission-type Tactics – PULL**
   - *Customer's job-to-be-done*
   - *"Commander's" **INTENT** (Direction)*

   Joint Mission

2. **RAPID PROBLEM SOLVING** – Standard Work Using Targeting-Tests-Technique
   - *Gap (Targeting)*
   - *Homing through small trials – Set-based (Tests)*

   Intuitive Skills & Direction

3. Visible **CONTINUOUS FLOW**
   - *The teams' tactics for missions*
   - *Constrain the teams' WIP*

   Facilitate & Trust

Joint Mission

Homing

Customer Need (demand)

Finishing off started Work Products (object)

Customer Value (cash in)

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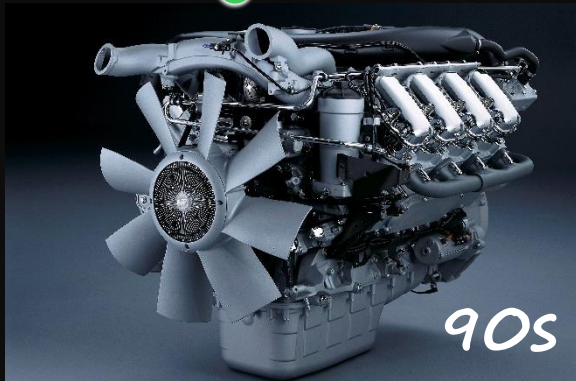# Christer Lundh

Funder & Owner of AUFERO AB

Senior leader consultant.
Led large business transformations, and product, process and team development for more than 25 years.
Led a Lean start-up from start to its growth take-off.
Works embedded, provides transformational and servant leadership to business executives and teams.
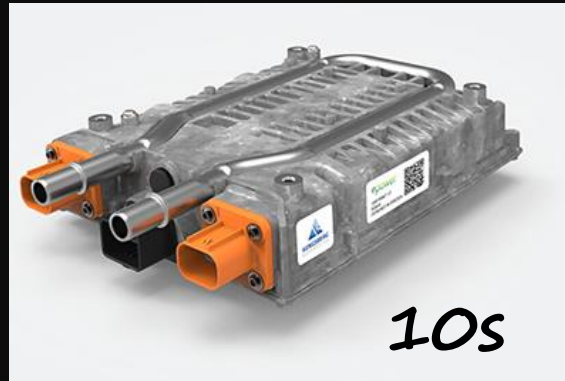
Lean and Agile Development

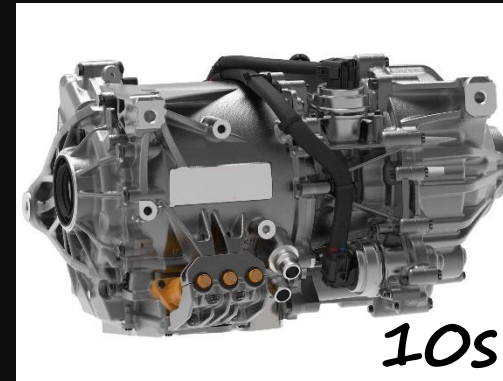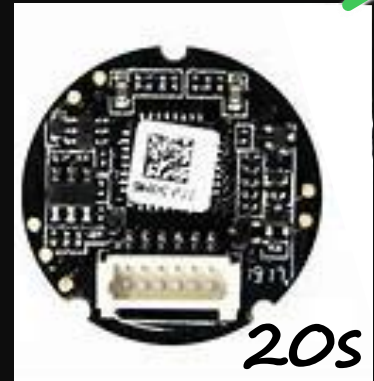|				
90s	00s	10s	10s	20s
Internal Combustion Engines	Gear shifters	Power Electronics	Electric Motors	IoT Sensor

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