

Lean & IT Service Management

Milan Glavaski

Processes4IT.com

Euronet Worldwide EEFT

Lean Agenda

- Why this presentation?
- A Brief History of Lean & Key Concepts
 - ❖ ENABLING IT- Lean and ITSM Strategy
 - ❖ FACTORY IT - Lean in an ITSM Operations
 - ❖ Make It Stick In Your Organization
- Useful Links, References, Q&A

Lean & ITSM

- **About the Author**

- 12y of ITIL, 6s, Lean and C-level IT experience
- Worked/Collaborated in Siemens, GE, Motorola, Dell, etc.
- Lean/ITSM book in progress for ITSMF International

- **IT Has Transformed**

- IT v3 - the biggest IT transformation ever
- From **Support** to **Align** to **Drive**
- **Total** dependency on IT, **serious** responsibility
- IT leadership too **Transactional** not **Transformational** enough

- **Core Skills**

- ITIL v3 and Lean

“...what differentiated successful Lean/Agile Web 2.0 Start Ups was the set of micro processes, i.e. they were truly governed.”

Lean Is Everywhere

Toyota Lean

Lean in Office

Zen Life &

Lean Start-Up

Lean Living

Lean HOME

Customer Development Agile

Business Modeling

Processes4IT.com

A Brief History of Lean

- **Sakichi Toyoda** (Toyoda founder) made the automated loom to stop at the break of a thread.
 - Machines/processes with decision making capability
 - Stop at a defect (and not pass it on)
 - Core concept of Lean today (Jidoka)
- 1937 Toyoda Motor Company Formed (now Toyota)
- 1943-1978 Taiichi Ohno and his group created the Toyota Production System (TPS)

A Brief History of Lean

- Early Lean Ideas

- Henry Ford, 1922, on farming...

“...the average farmer puts to purpose only about 5%. of the energy he expends.... not only is everything done by hand, but seldom is a thought given to a logical arrangement...will walk up and down a ladder a dozen times...will carry water for years instead of putting in a few lengths of pipe...when there is extra work to do, is to hire extra men... putting money into improvements is an expense.... it is waste motion— waste effort— that makes farm prices high and profits low.”

- Modern Lean Evangelists in IT

- Motorola – eliminate non value add, massive use of Google Apps
 - GE - massive software development and V&T effort to Agile
 - Web 2.0 Start Ups – review Stanford University work w Steven Blank and Eric Ries on Lean business development

Key Lean Concepts

- Lots of Japanese words - Poka-Yoke, Kanban, Kaizen, Heijunka, Jidoka, Gemba and abbreviations like FIFO, VSM, JIT, and 5S
- **Increase customer responsiveness**
 - by reducing cycle time for NPI, ITO, OTR or in ITSM words Service Lifecycle stages
- **Deliver stronger value proposition**
 - to the customers (speed and quality)
- **Create capacity**
 - by eliminating waste

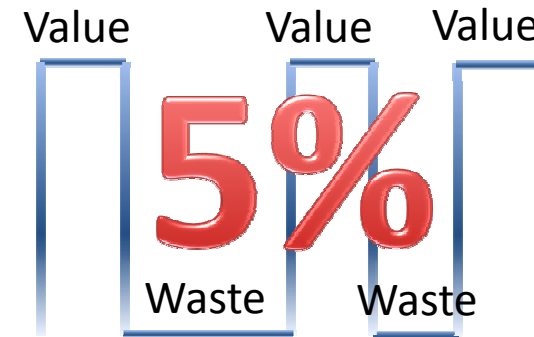
Core Lean Principles

1. Define **VALUE** as end customer sees
2. Identify and visualize the **VALUE STREAM**, find your **WASTE**
3. Establish **FLOW** of work, materials, information...
4. **PULL** where you cannot flow – from customer, suppliers, in development and operations
5. Continuously improve the process to **PERFECTION**

Core Lean Principles

- **Value**

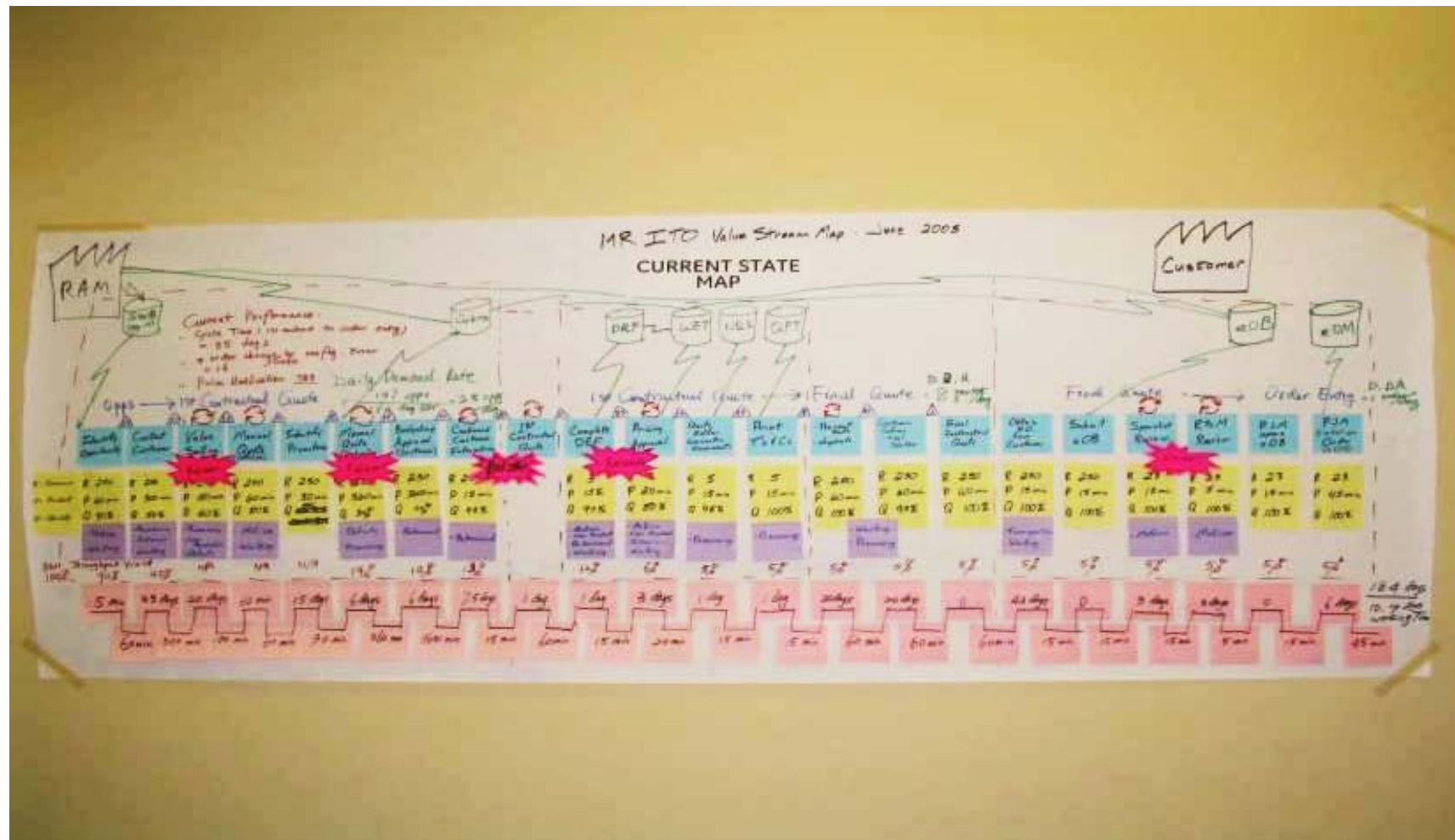
- Right product or service
- Of right quantity
- To right customer
- At right place and time



- **Value Stream** is a time-task sequence that brings a product or service to the customer

Strategy Design Transition Operation CSI

VSM



7 Types of Waste

Waste	Product Example	Service Example	ITSM Example
Waiting	Expensive machine running at 30% capacity	Credit application waiting approval	Process owners executing the processes
Inventory	Material between operations and process steps, Buffer & safety stock inventory	Invoices waiting to be paid	Change forms waiting for CAB
Defects	Poor quality of materials	Missed customer due dates, data entry errors	Low score on user acceptance tests
Extra Processing	Handwork, polishing, deburring	Duplicate entries	Manual time tracking, cumbersome order process
Transportation	Conveyance of any materials, tooling	Hard copies shipping, signing	Ordering telecom lines require paper forms and signatures
Overproduction	Sub-assemblies and components between feeder and main line	Credit check for every customer inquiry	Every telecom change require IT and security approvals
Motion	Operators bending, twisting, reaching, moving, machines "cutting air", robotic motion getting home	Searching for data, printing material	E-mail as primary work management tool

3 Enabling Scenarios

- Cover Strategy and Service Design
- Discuss Scope Issue

Develop New IT Service or Product

service strategy & design

- Your Value is end customer's value.
 - **Business Model** development should involve customer early & frequently
 - **Customer Value** is usually not the KPI your management drives for (direct KPIs vs. “service/process KPIs that enable direct KPIs”).
 - Adopt **Agile/Pivot** driven service development for majority of IT services
 - Adopt **Rapid** experimentation across Service Strategy and Design stages

VSM existing ITSM Process

- Introvert IT approach will not get you there
- Doing VSM on existing ITSM processes will not provide a **major** new value
- ITIL v3 processes by book already quite lean

Lean planning and design (VSM) work well with business level Service and Product lifecycle, not always for a single process or single function.

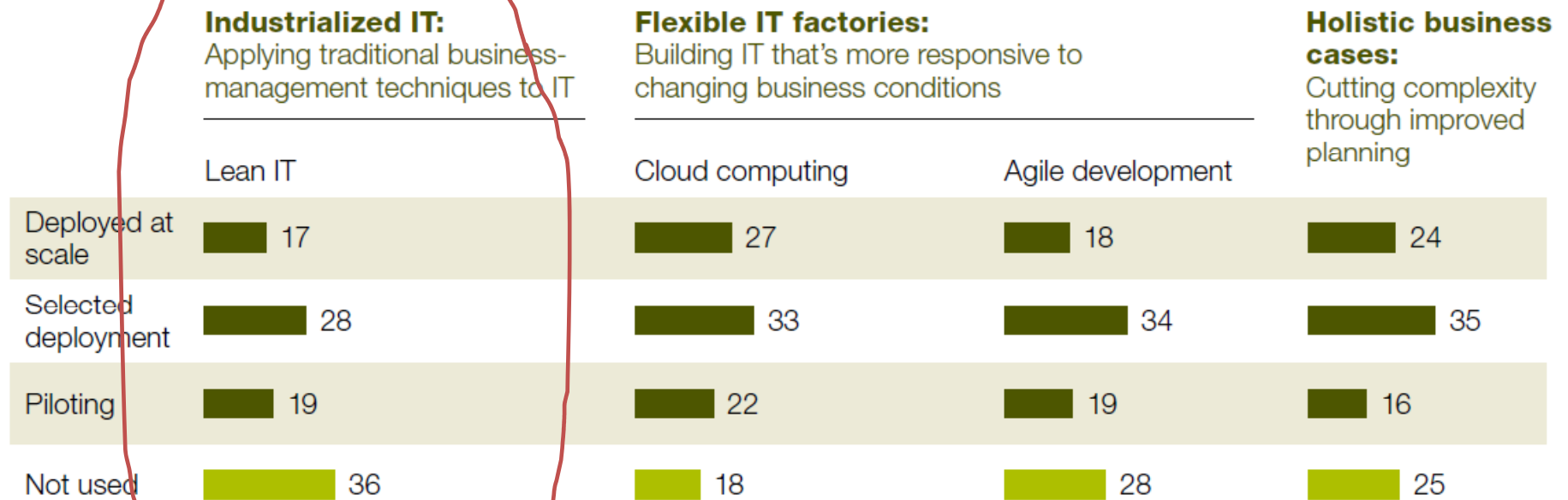
VSM Existing IT Service

- Lean is not going to deliver same results for every IT service.
 - Company culture Nr.1 reason for Lean failure or success
 - Higher dependency on IT and IT Innovation in your company's product/service lifecycle gives better chance for Lean/ITSM.
 - Industrial Products vs. Transaction Services
 - You got to go broad (involve customers, suppliers, other business functions, management)

Factory IT

Are IT shops “modern factories”?

Factory IT



¹ Respondents who answered "don't know" or "not applicable" are not included.

Source: Oct 2010 McKinsey survey of 864 global executives on business and technology strategy

Keep the Shop Clean

- 5S in Service Operations (sort, set, shine, standard, sustain)
 - Document management
 - Policies and Procedures
 - Asset and Configuration Management
 - Everyone Participates
 - Shop floor-like office (U shape, stand-in, visuals, etc.)

Make it Flow

- Pull and Kanban
 - Kanban in HW largely delivered by virtualization and cloud
 - Kanban in information pulling, approvals, software development and people resource still has a way to go

Know Your Cycle Time

- Pitch, Takt, Cycle - determine your resource needs
 - Applicable to larger volume Service Desks, incident, change & problem management
 - Standard Work Items – do you have them?
 - Agile Software development
 - Mass service rollouts (e.g. MPLS)

Right Set of Visual KPIs



- Dashboards - Lean and ITSM KPIs won't make it unless they are visual
 - Visual dashboards in operations team area
 - Don't stick to operations reviews
 - Business Service Management
 - Personalization of dashboards

Continuously Improve

- CI - ITSM CSI very close to Lean concept
 - The closer a process is to PERFECTION the more is revealed; as we reduce inventory and overproduction in the process, new waste and new bottlenecks are exposed

How To Make Lean Stick?

- The hardest part is getting a job in the right business
 - Company Culture Nr.1 reason for Lean failure or success
- Embed the VALUE
- Accept IT as modern manufacturing
- Understand ITSM / Lean relationship
 - ITIL v3 tells us **What**, Lean helps determine **What Not**
- Management , management, management.

Conclusion

- **Carefully** – you will implement Lean beyond IT
- **VSM scope** should be business Product/Service
- **The Waste** is not always in IT process design...waste is wrong takt time, finance & vendor management, suppliers, project management, your boss , your office arrangement, etc.
- If you cannot **Enable** strategy through Lean, an **IT Factory** might work just fine.

Links and Q&A

- Lean Institute

<http://www.lean.org>

- Lean IT (or Agile)

http://en.wikipedia.org/wiki/Lean_IT

- Lean Thinking in every day's life

<http://www.compression.org>

- ITSMF International

<http://www.itsmfi.org>

- Connect with Milan

www.processes4it.com

<http://hu.linkedin.com/in/milanglavaski>

<http://twitter.com/milanglavaski>

<http://www.processes4it.com/posts/posts.xml>