

# 7 ESSENTIALS FOR BREAKTHROUGH RESULTS

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Governor's Office of Management and Budget

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*PRESENT:* BUILDING ON SUCCESS 2017

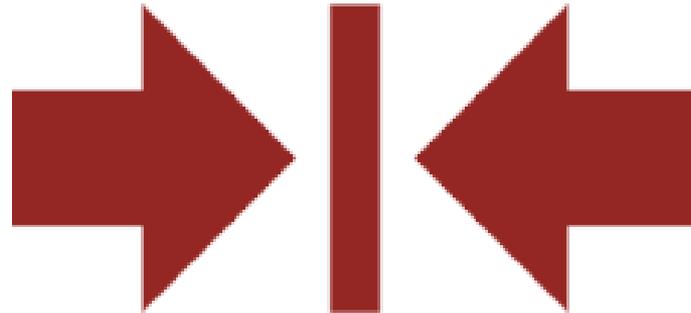
**BREAKTHROUGH RESULTS FOR  
GOVERNMENT AND BUSINESS**

# The Seductive 7

- More money
- More technology
- More reorganization
- More training and communication
- More data
- More accountability and assigning blame
- More strategic planning



## Embrace the Constraint



## **Constraints Aren't Obstacles—They Are Opportunities**

“A constraint causes one to think deeply about the problem, to be open to ideas that you may never have considered when there is an abundance of resources, makes you try harder and harder, and provides the fuel to innovate.”

*- Stanford Innovation Labs*

Focus on THE right  
problem to solve

# The 8 Flaws

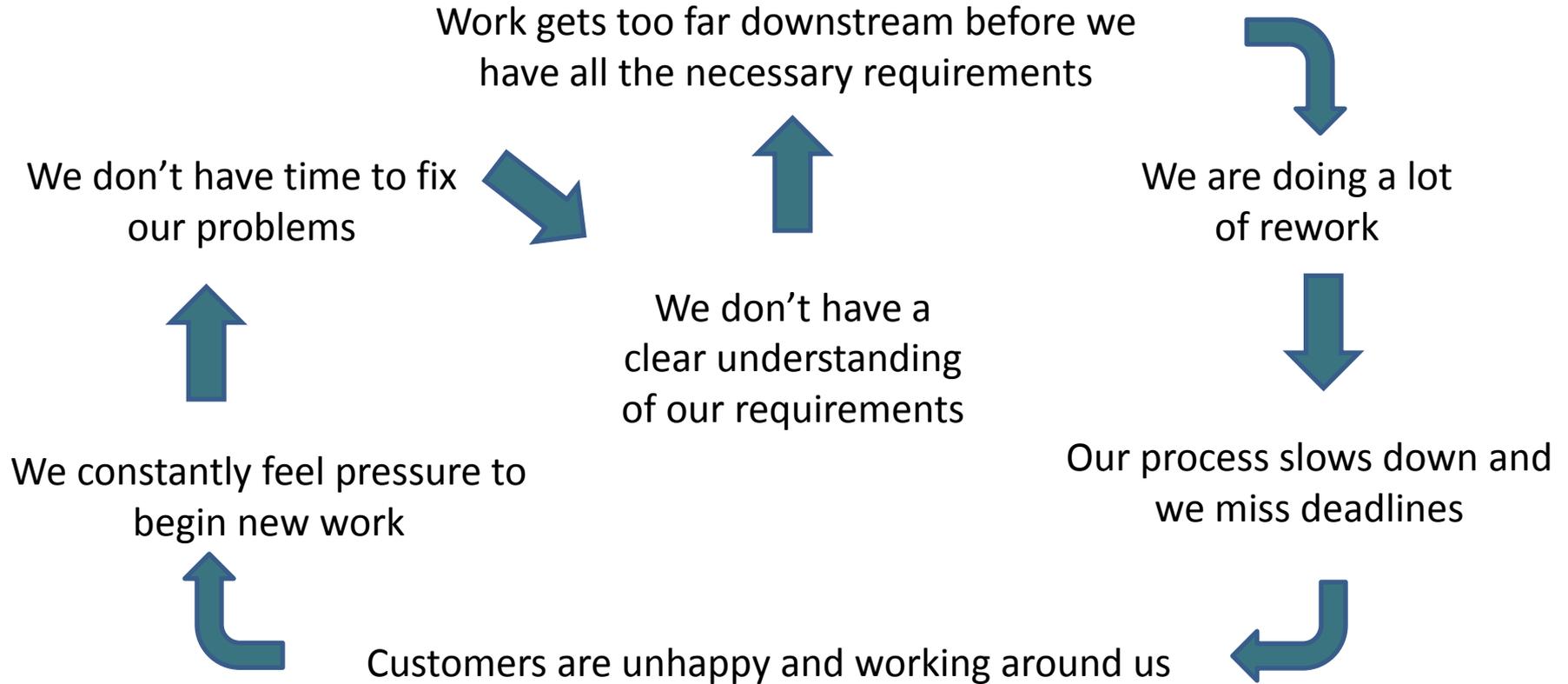
We:

- believe things are complex
- believe the problem is obvious or overlooked
- ignore management time and attention
- define the problem as a lack of something
- define the problem as outside our control
- define the problem too narrowly
- ignore the underlying need
- have no structure to define the core problem

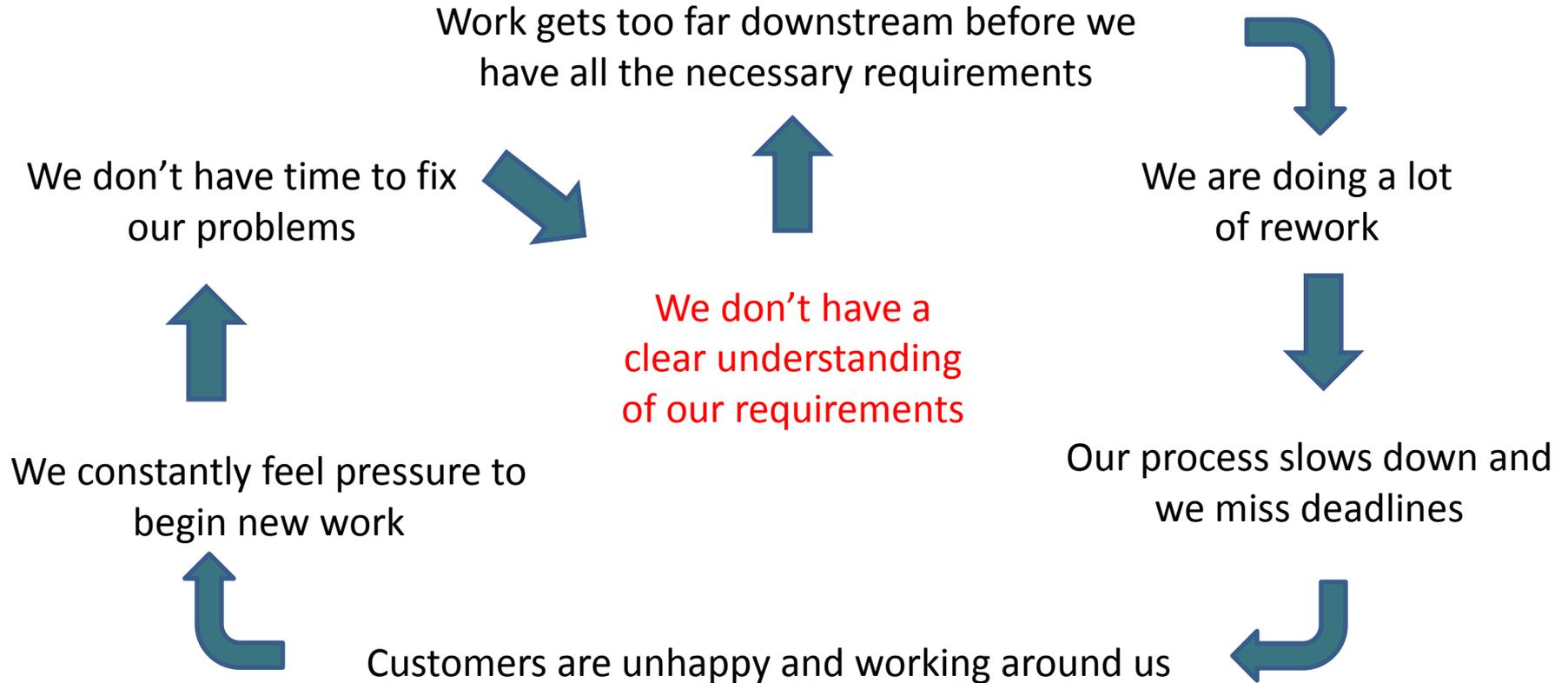
# Project Management Challenges

- Doing a lot of rework
- No time to fix problems
- Customers are unhappy and try to work around the system
- There is constant pressure to start new work
- The information needed to start new work is not available
- The process slows down and deadlines are missed
- Work gets too far downstream without having all the necessary requirements

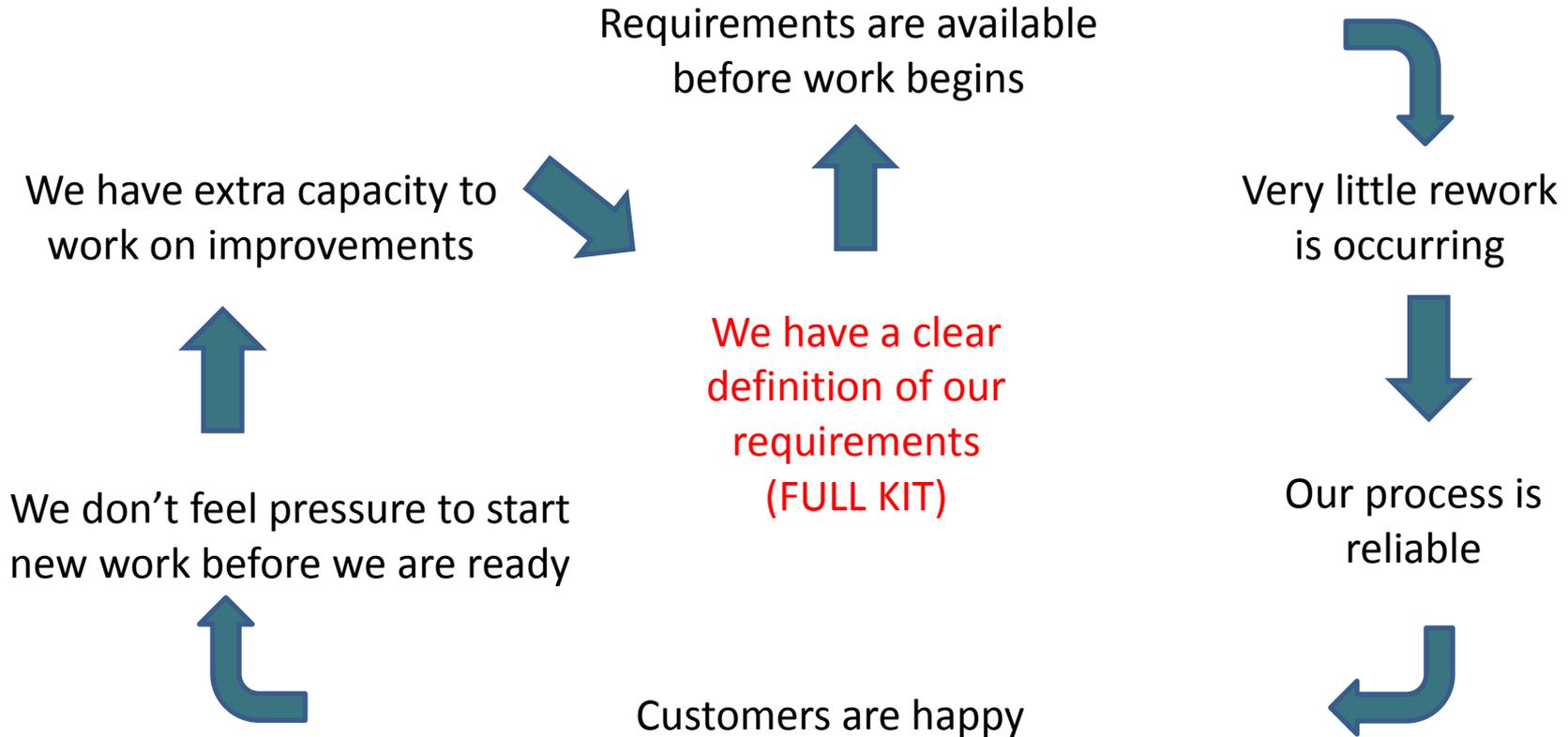
# Project Management Vicious Cycle



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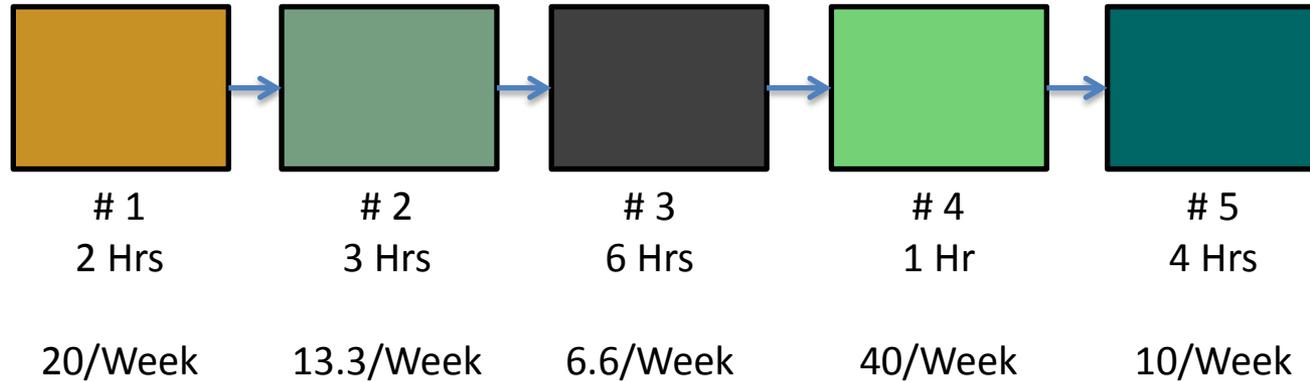
# Project Management Virtuous Cycle

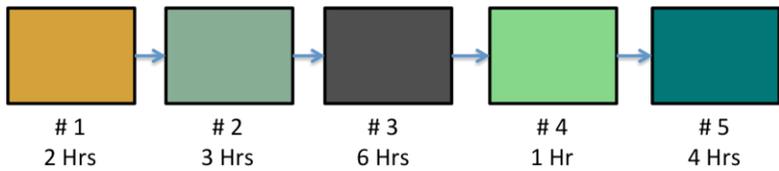
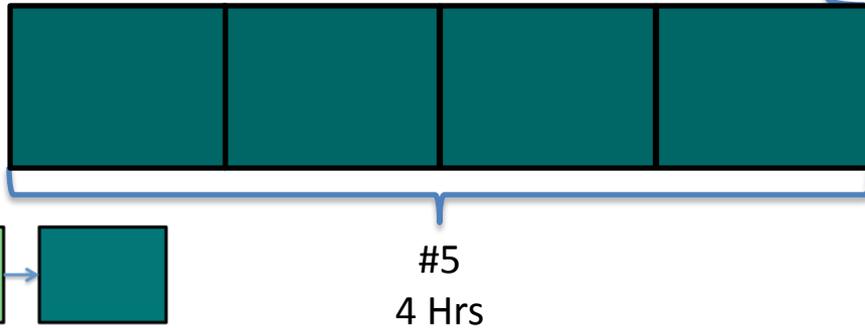
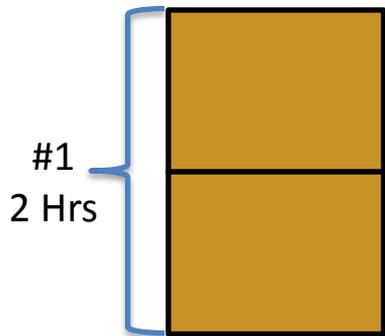
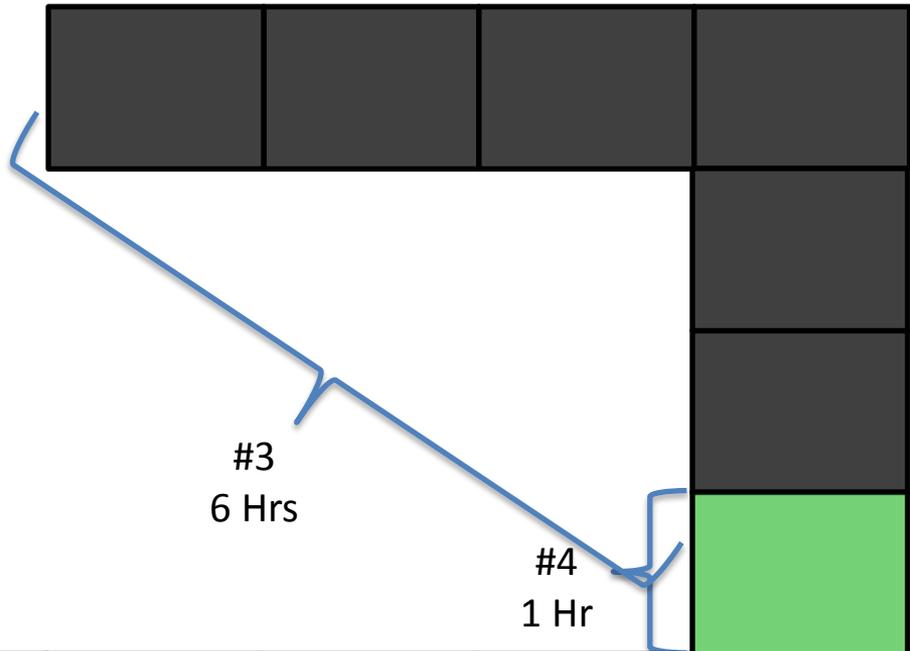
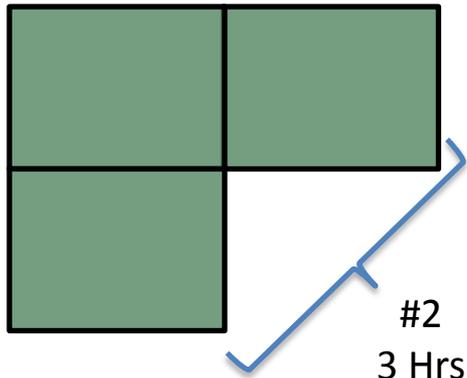


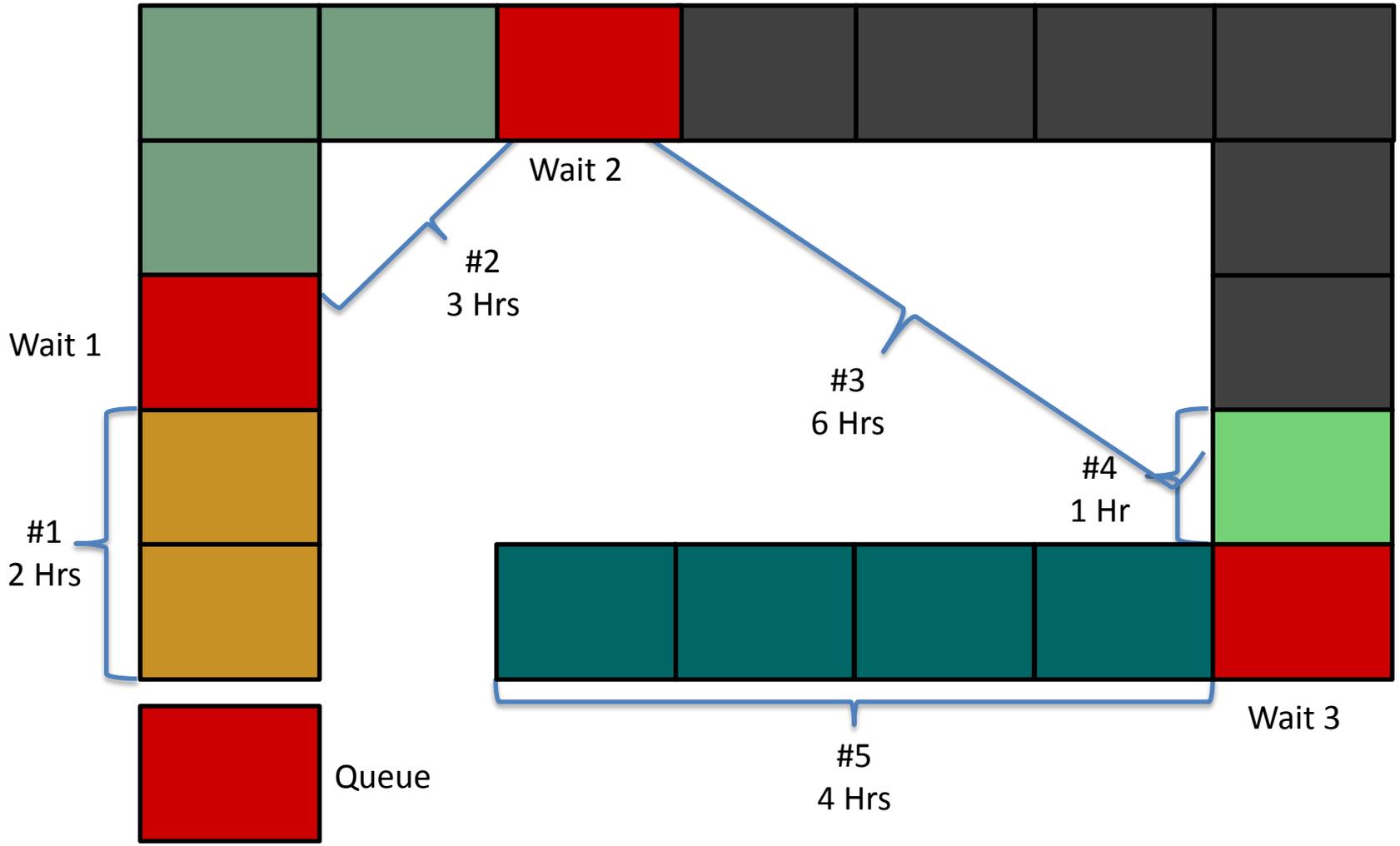
# 5 Focusing Steps

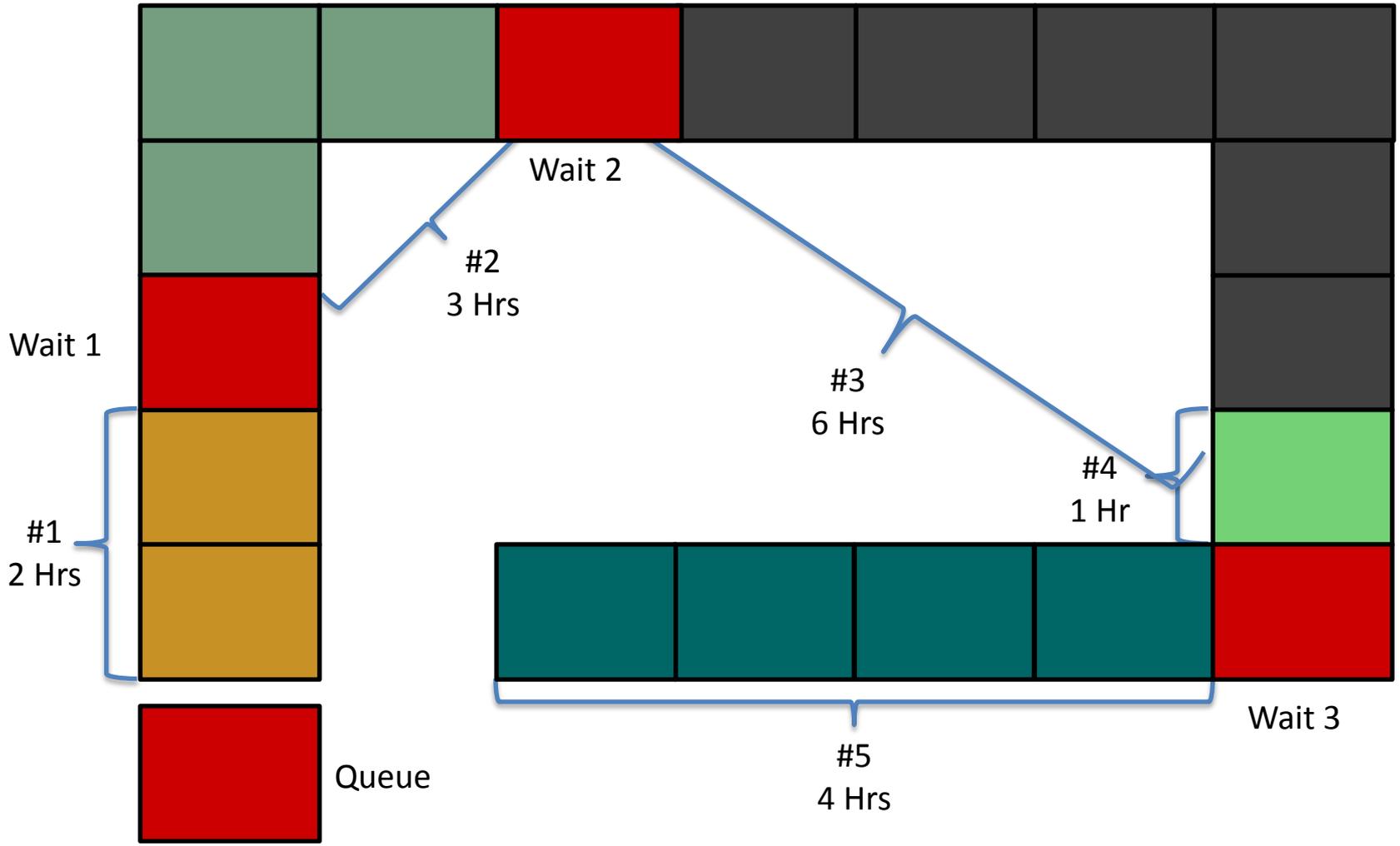
1. Identify the constraint
2. Exploit the constraint
3. Subordinate to the constraint
4. Elevate the constraint
5. Repeat

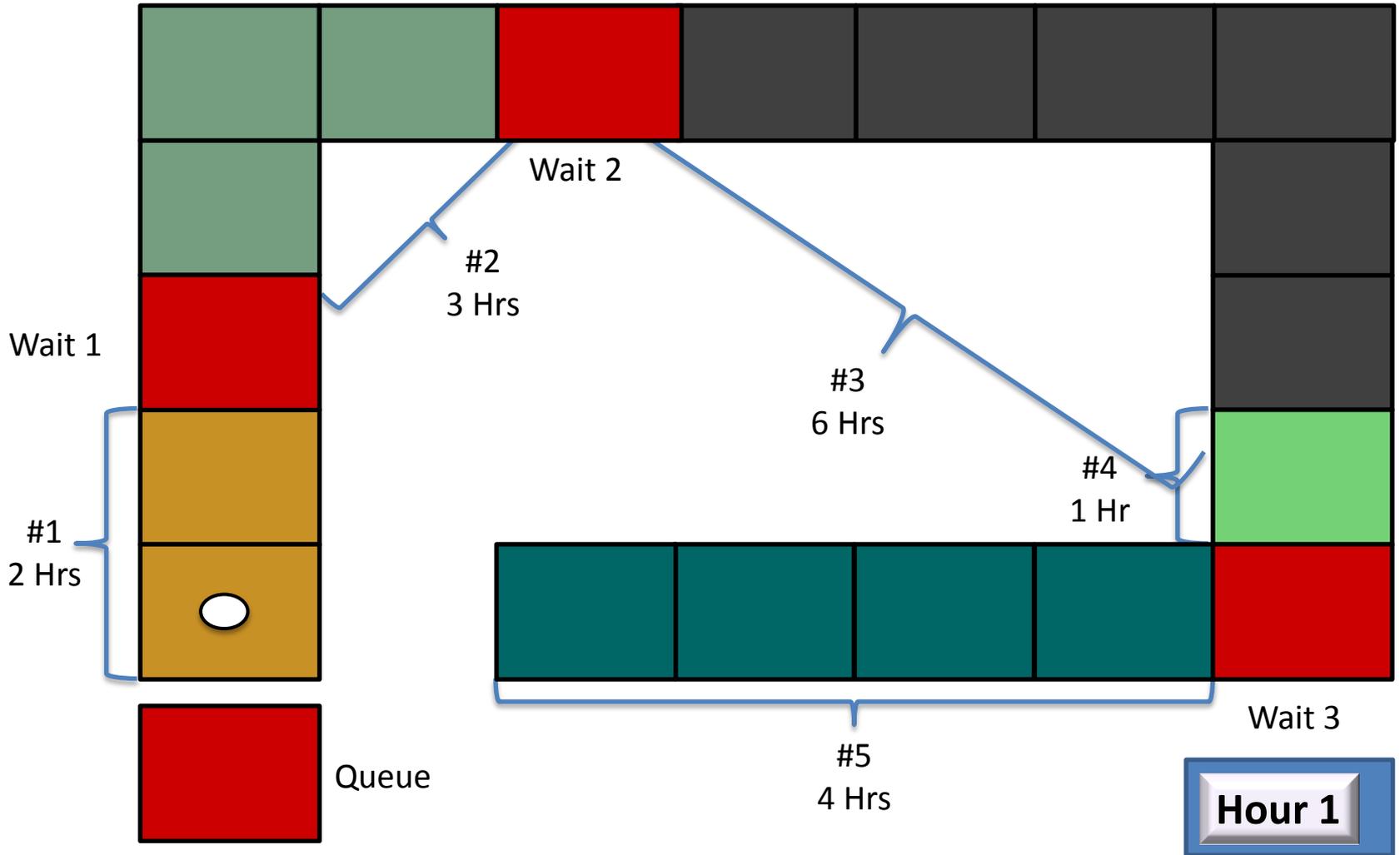
# Simulation

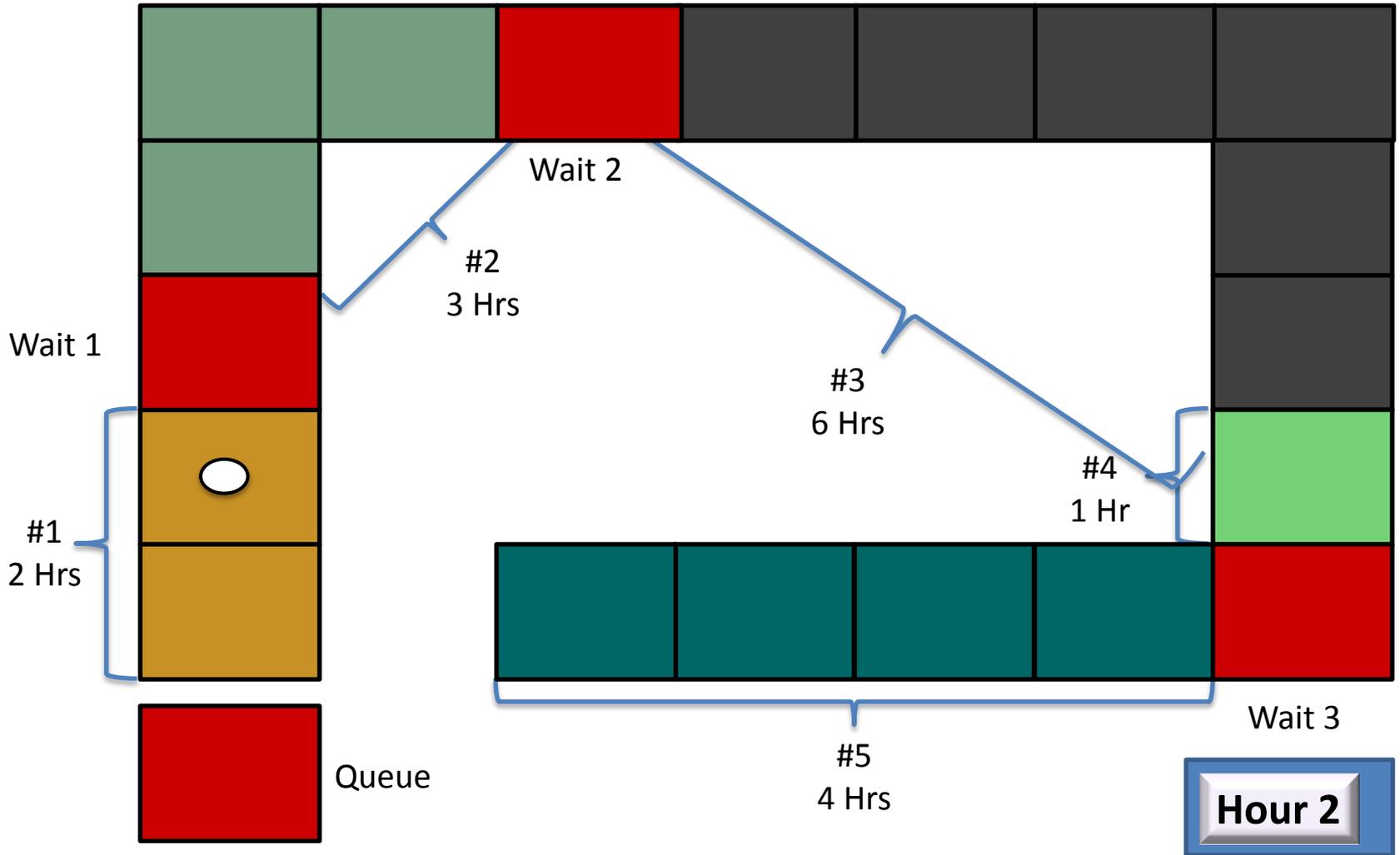


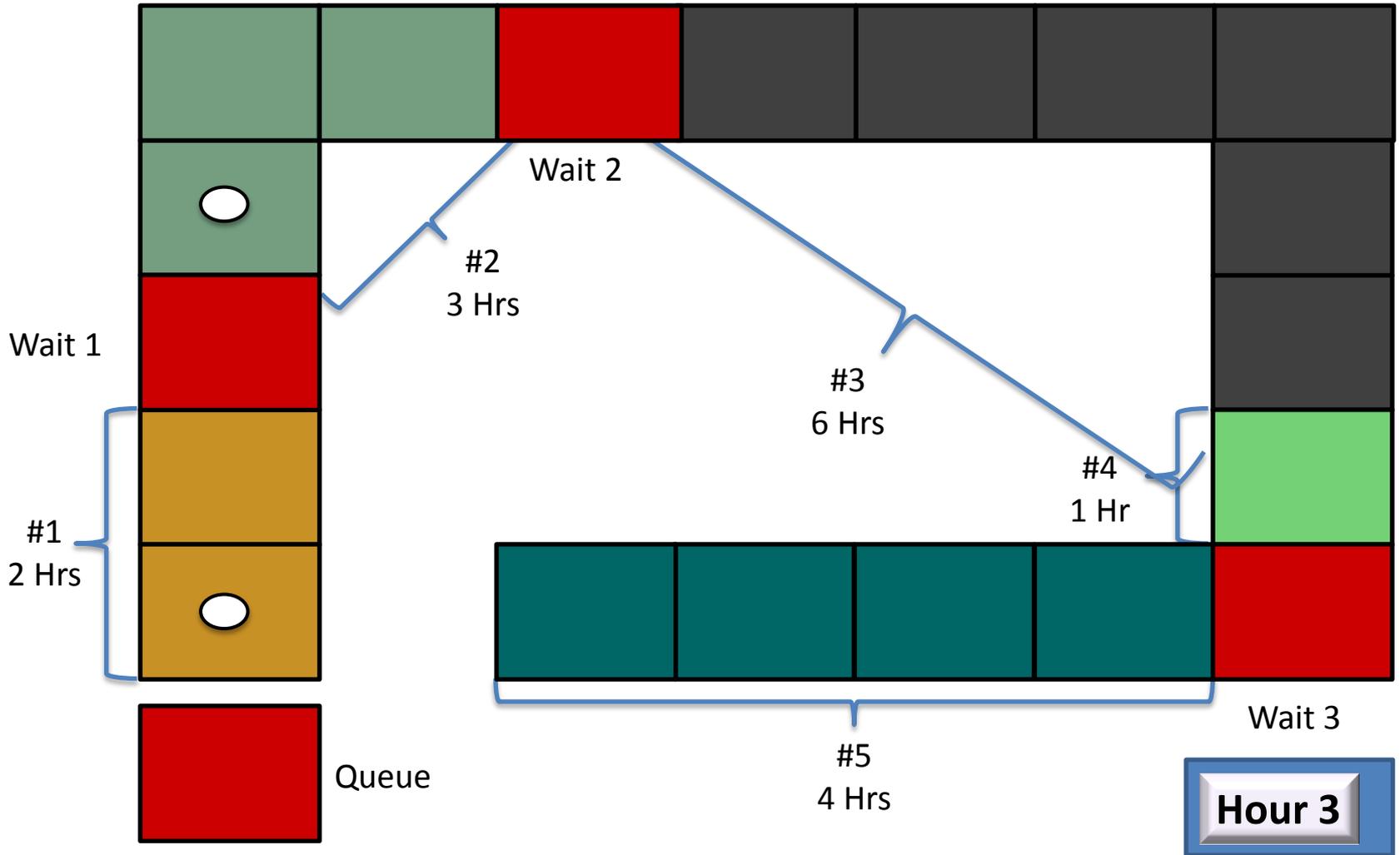


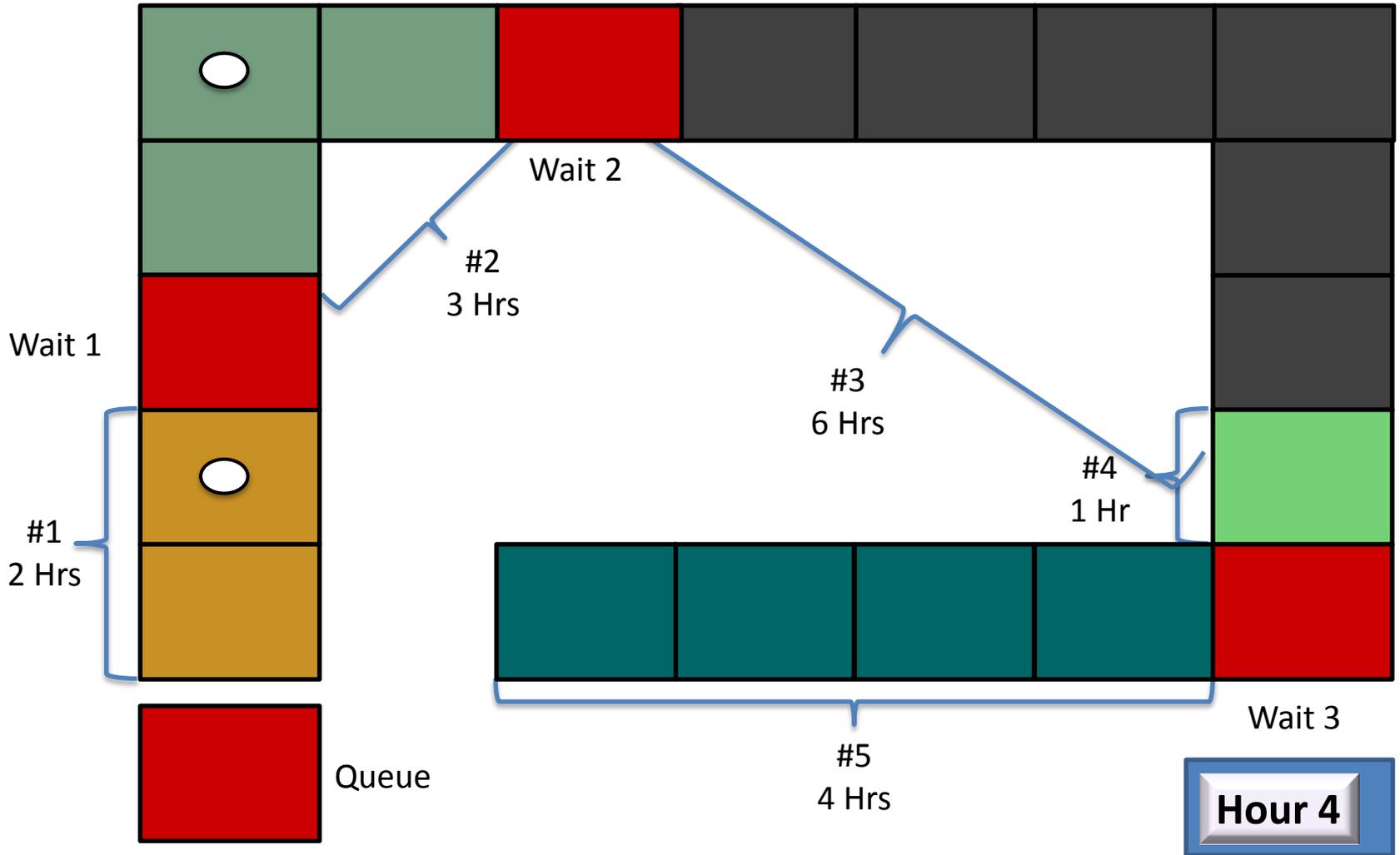


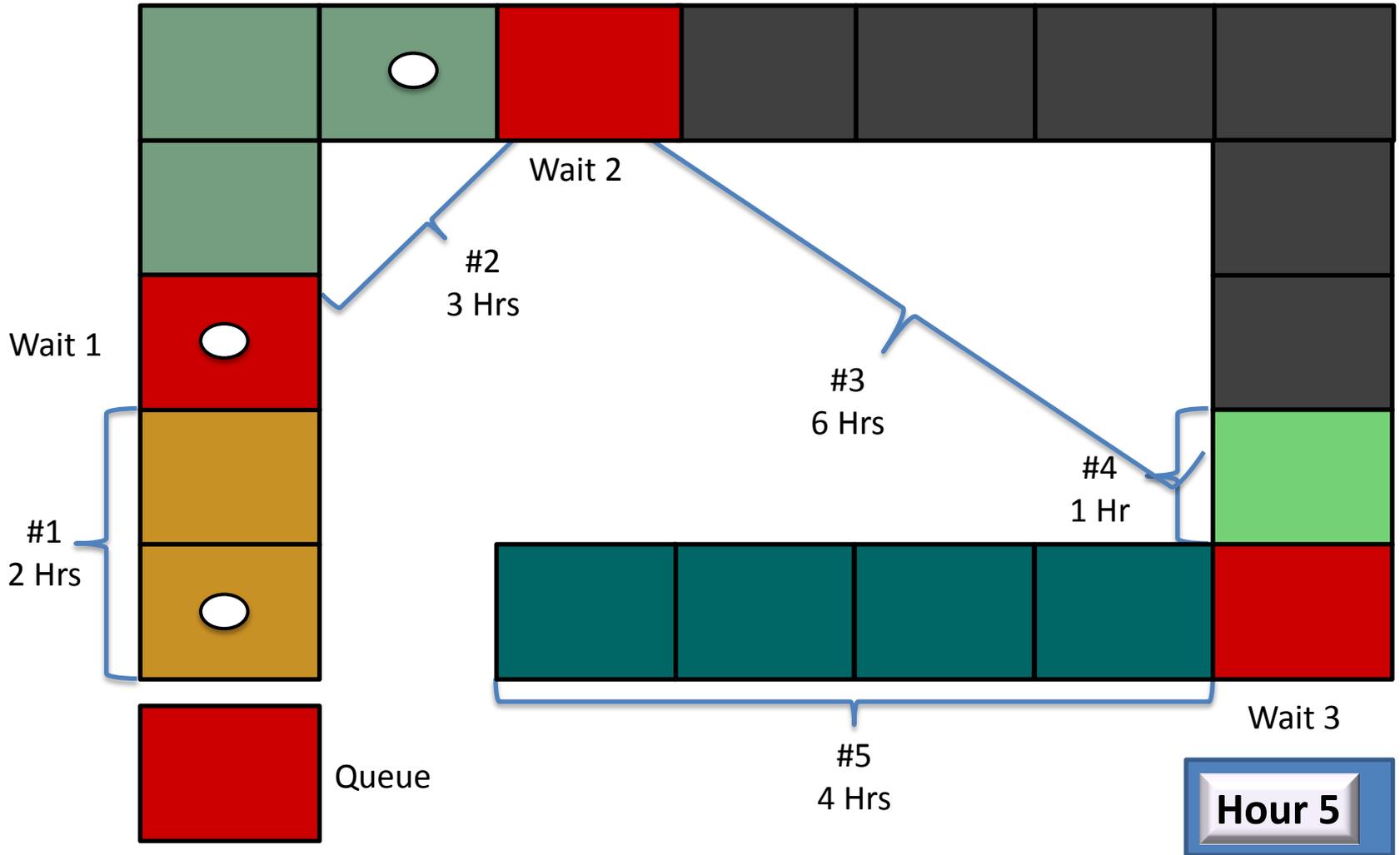


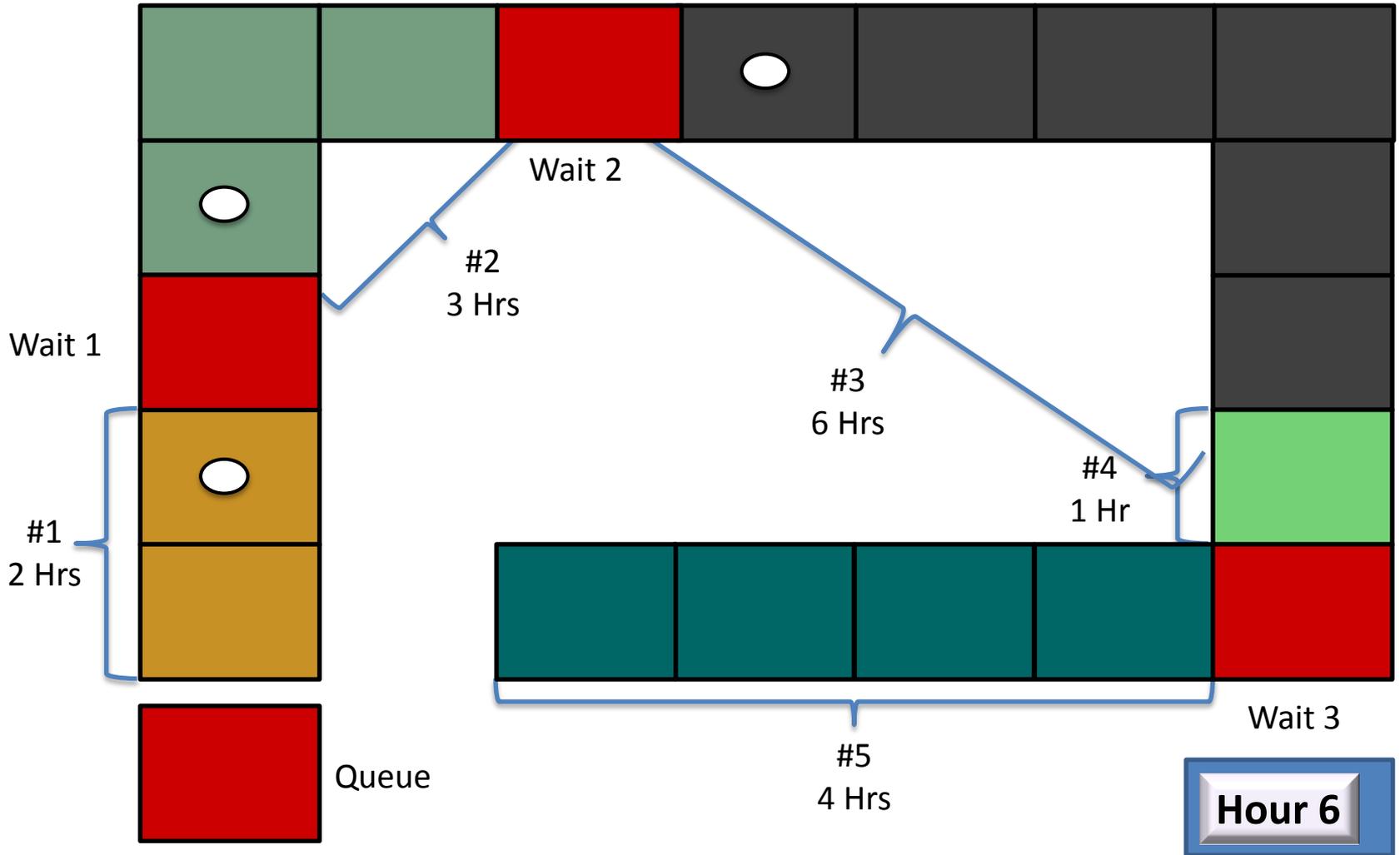


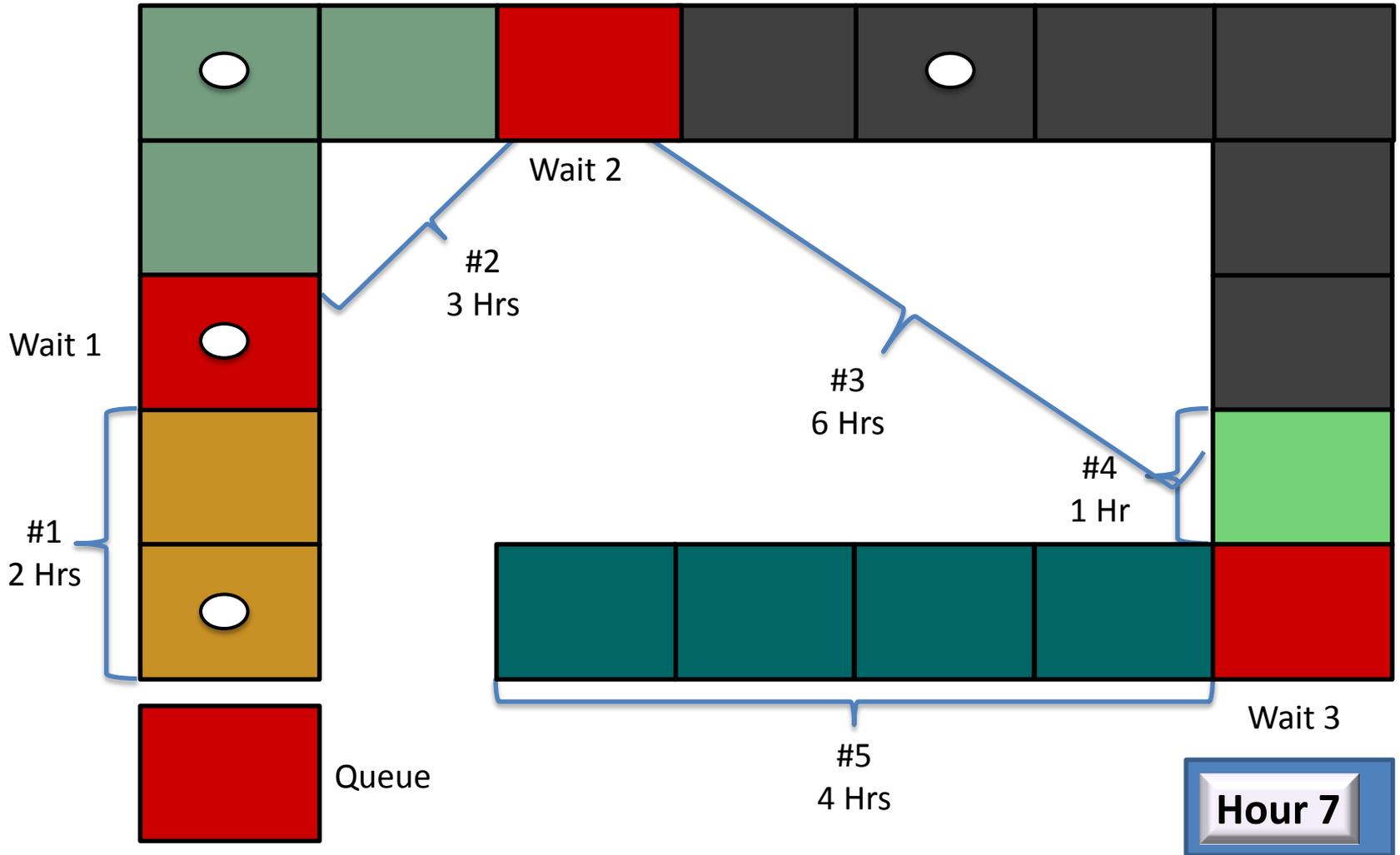


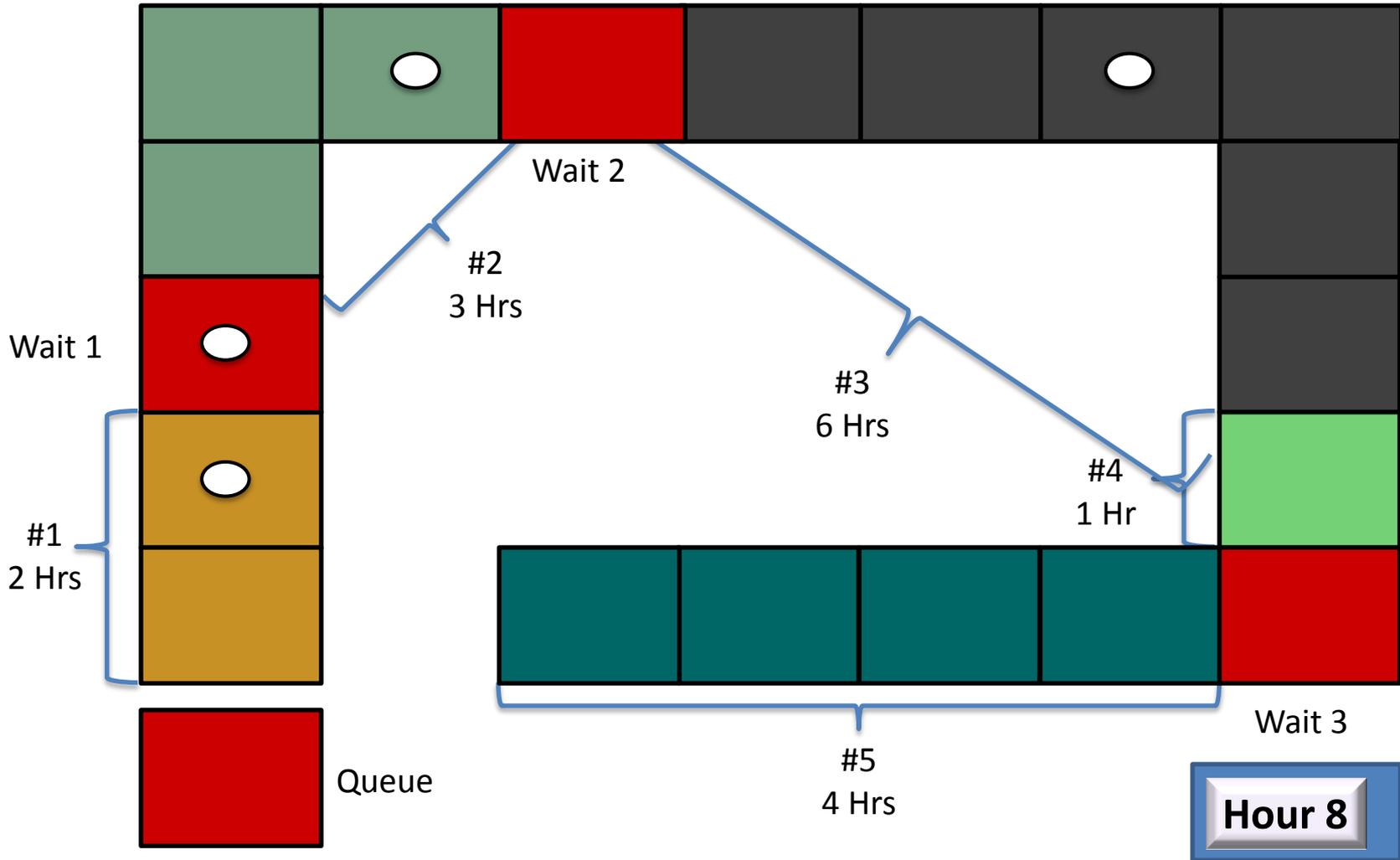


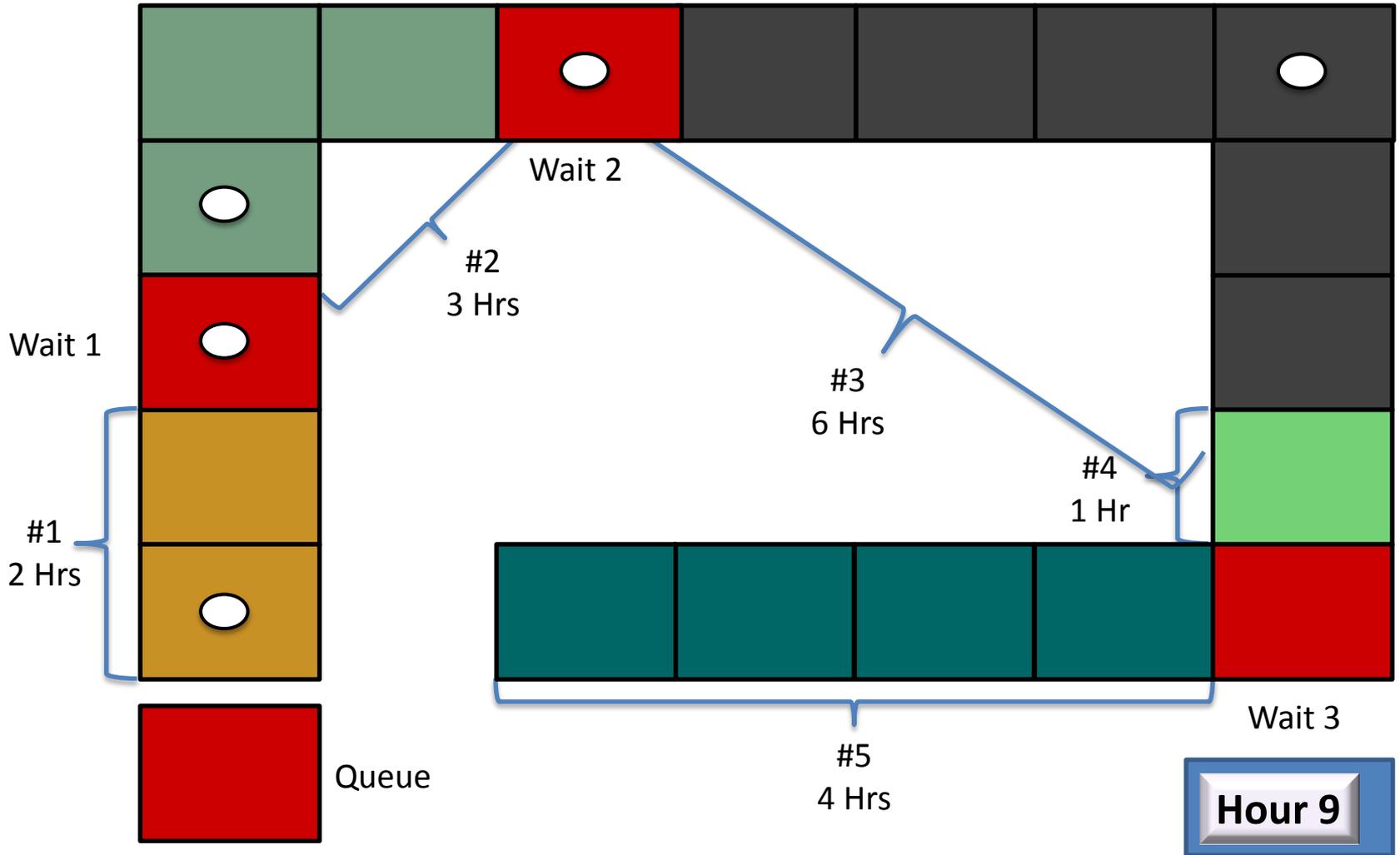


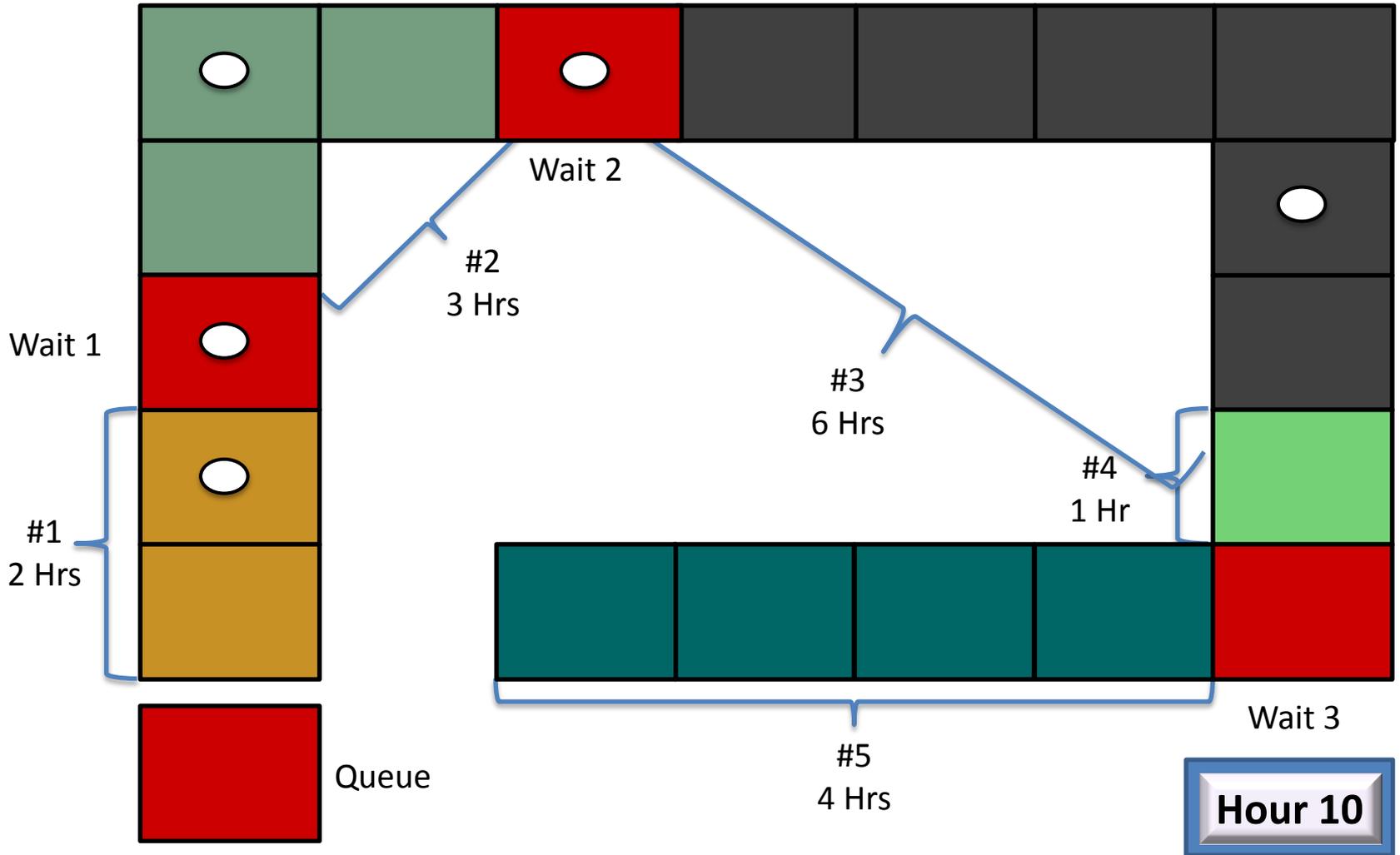


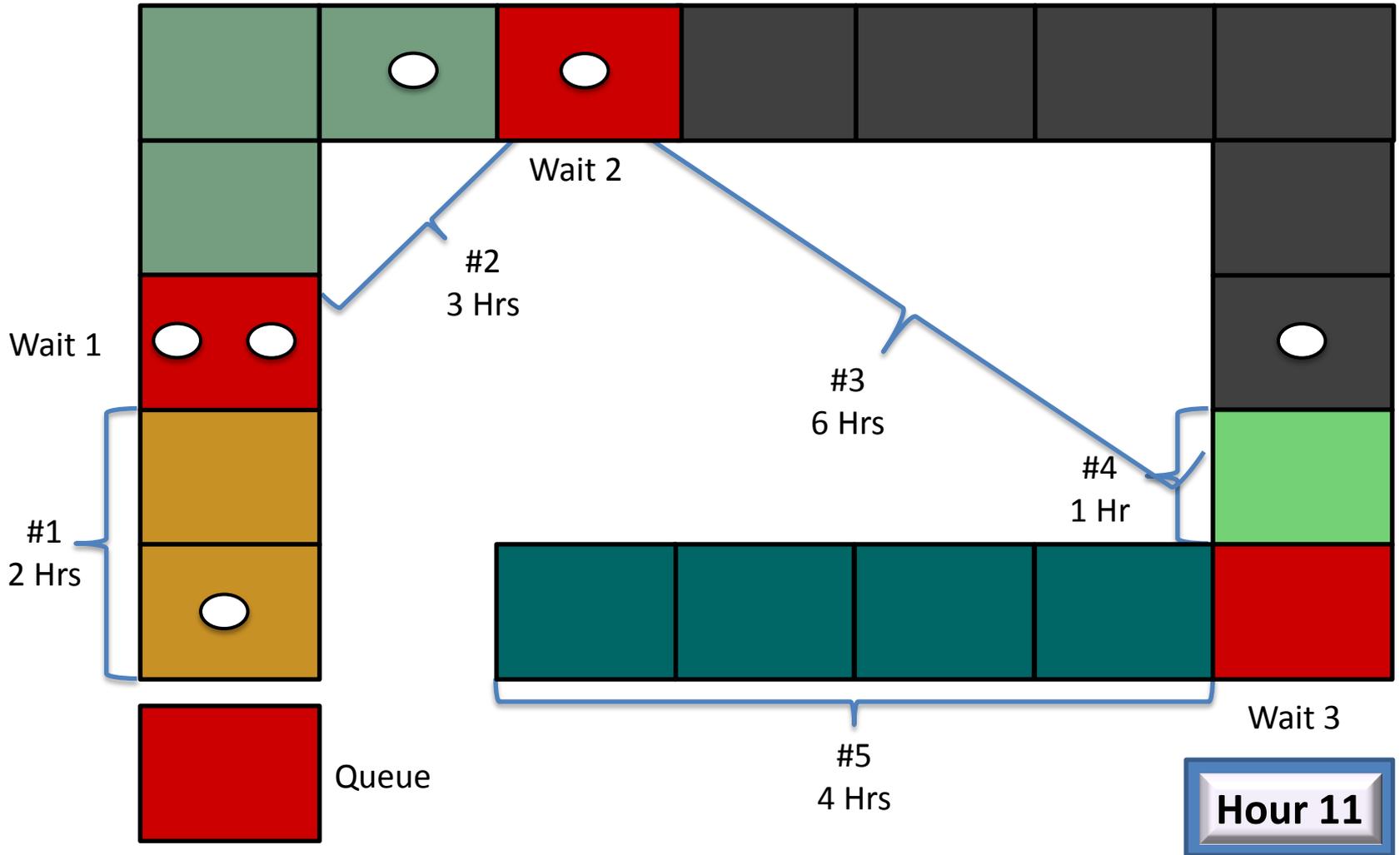




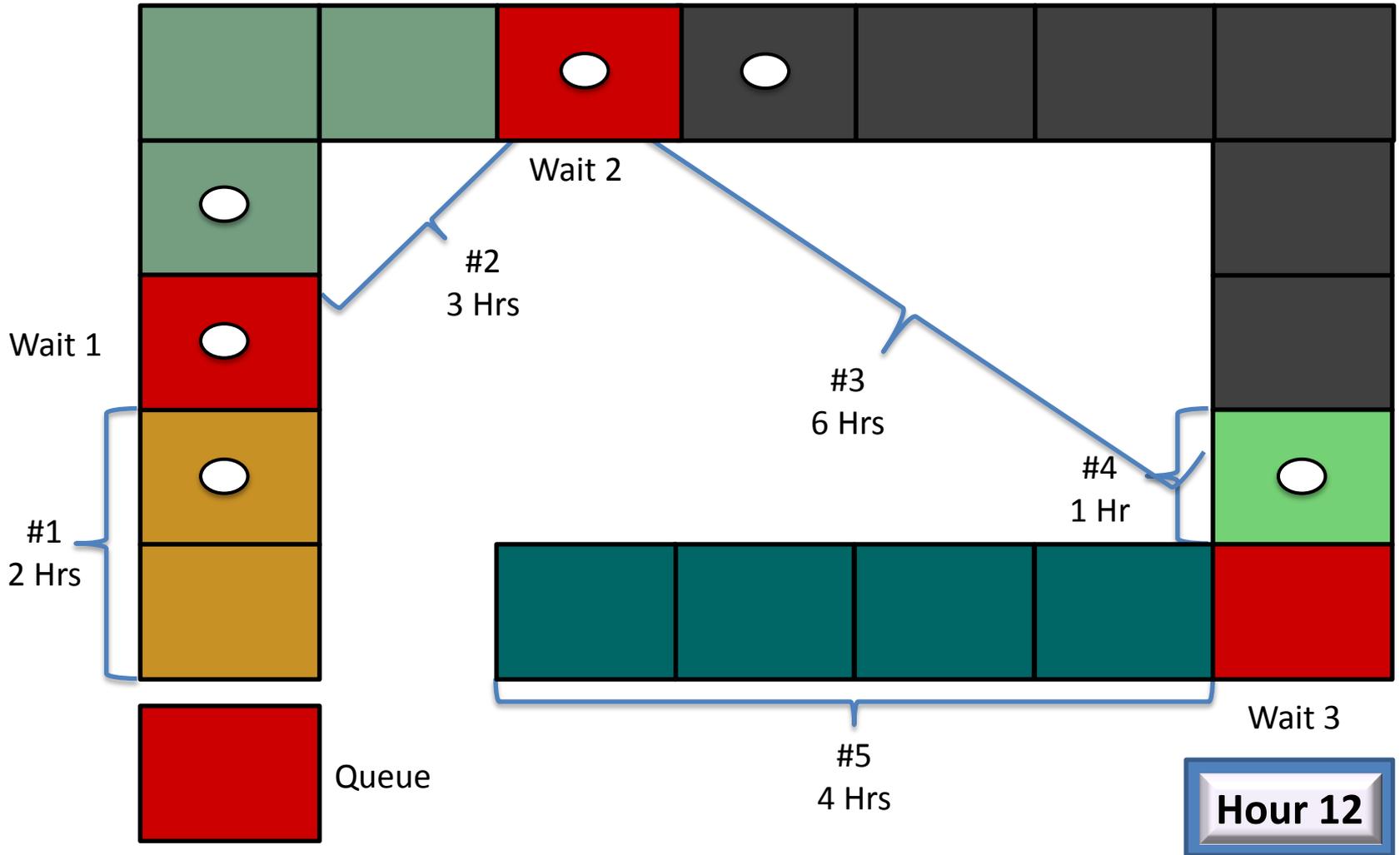


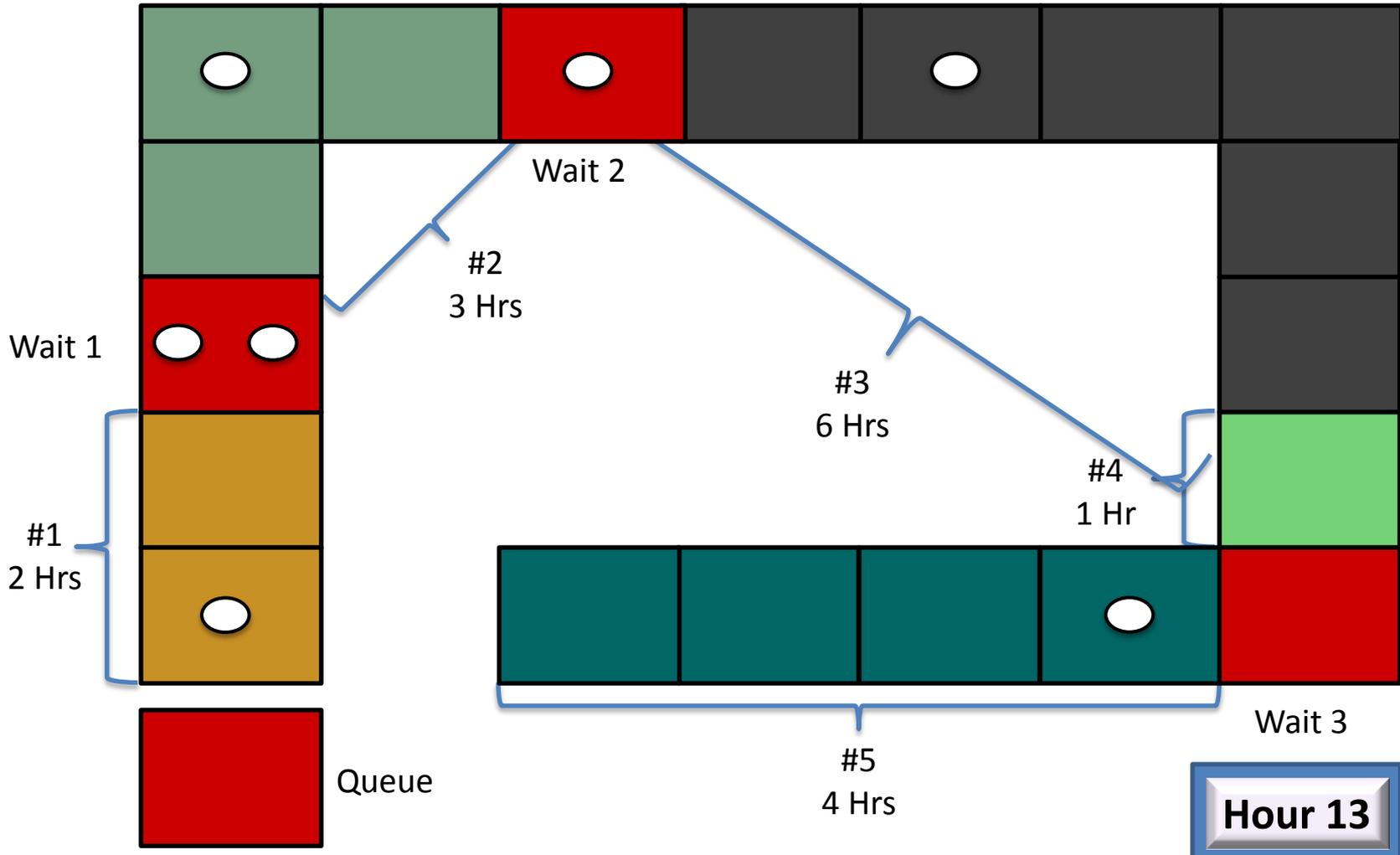


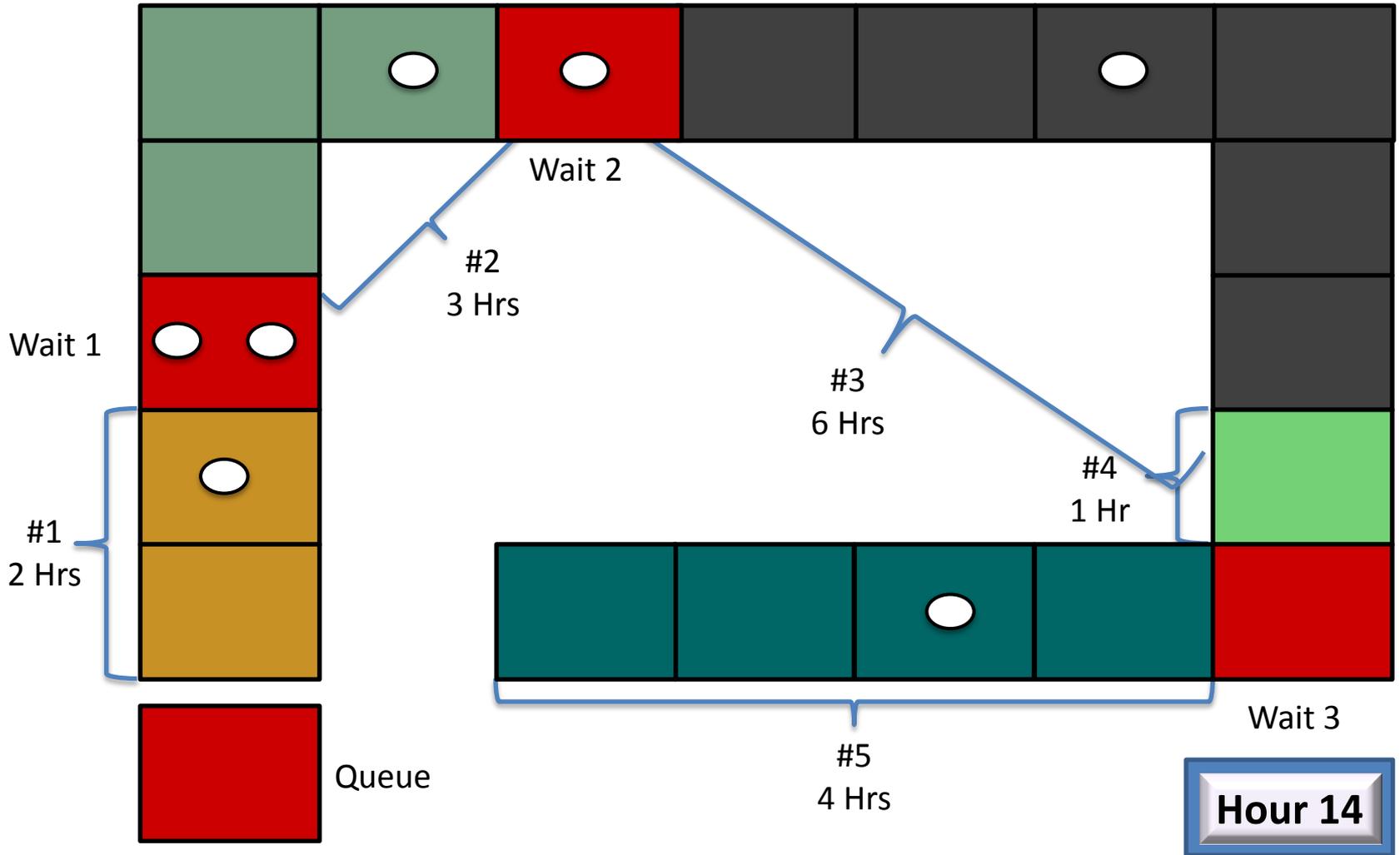


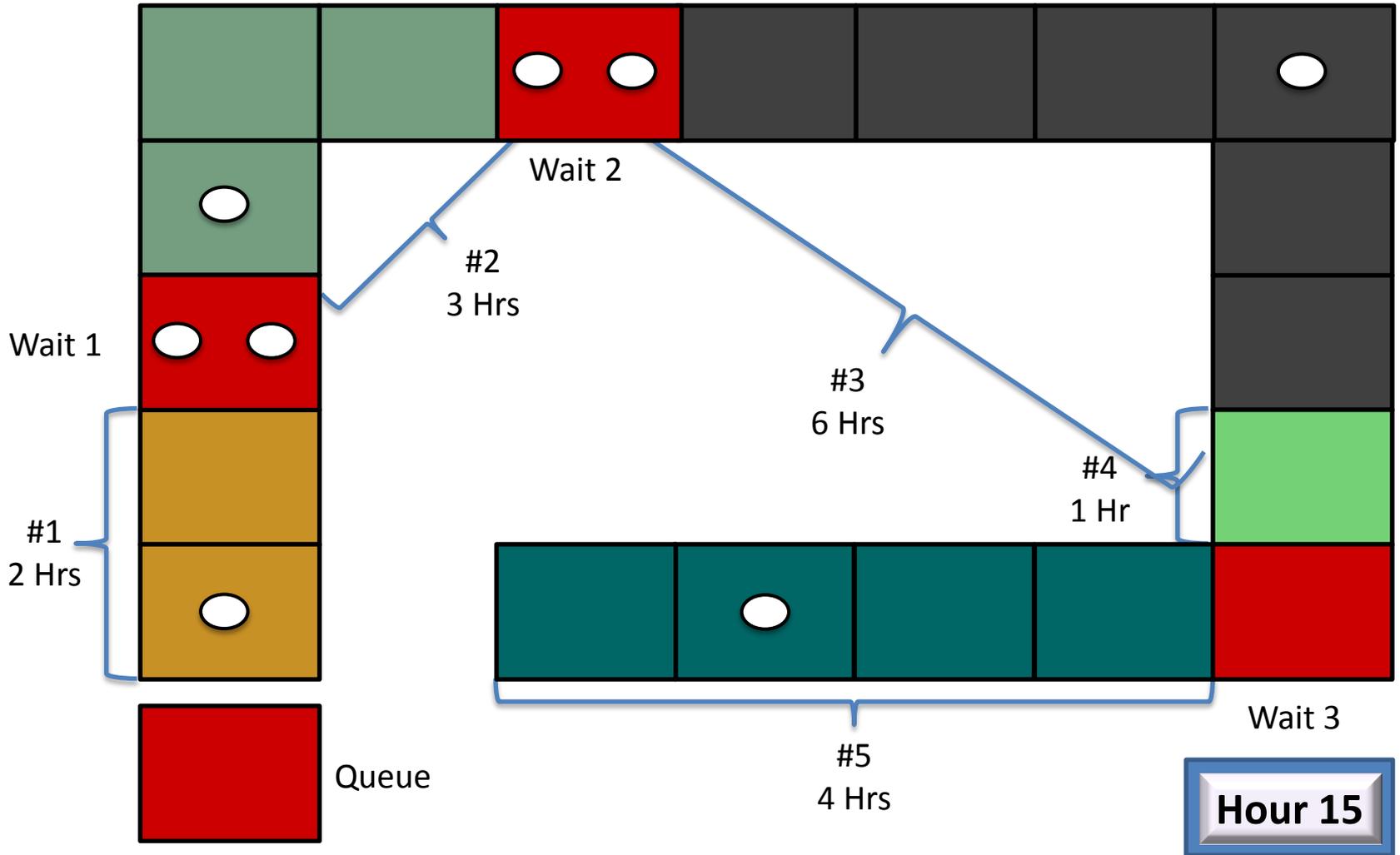


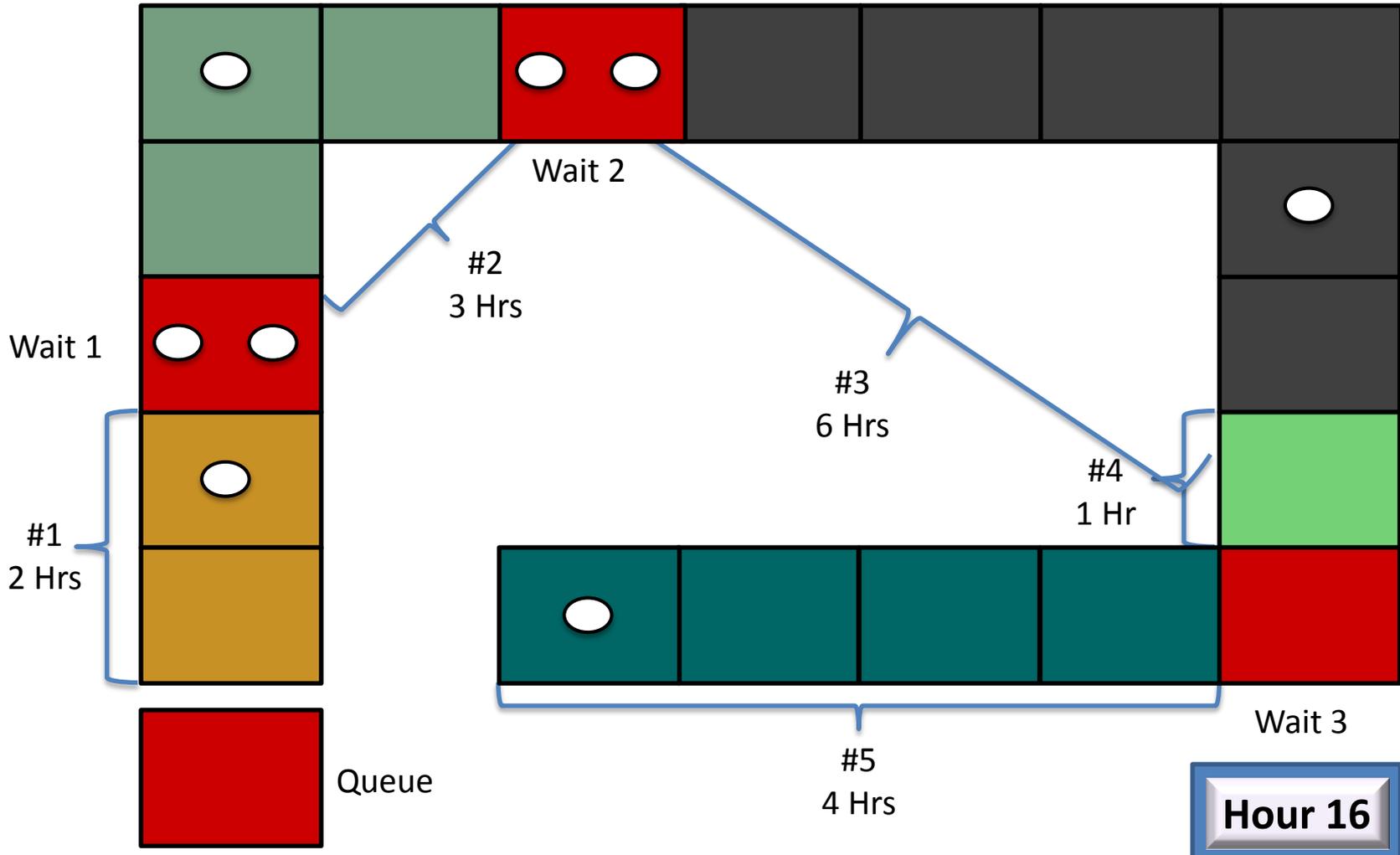
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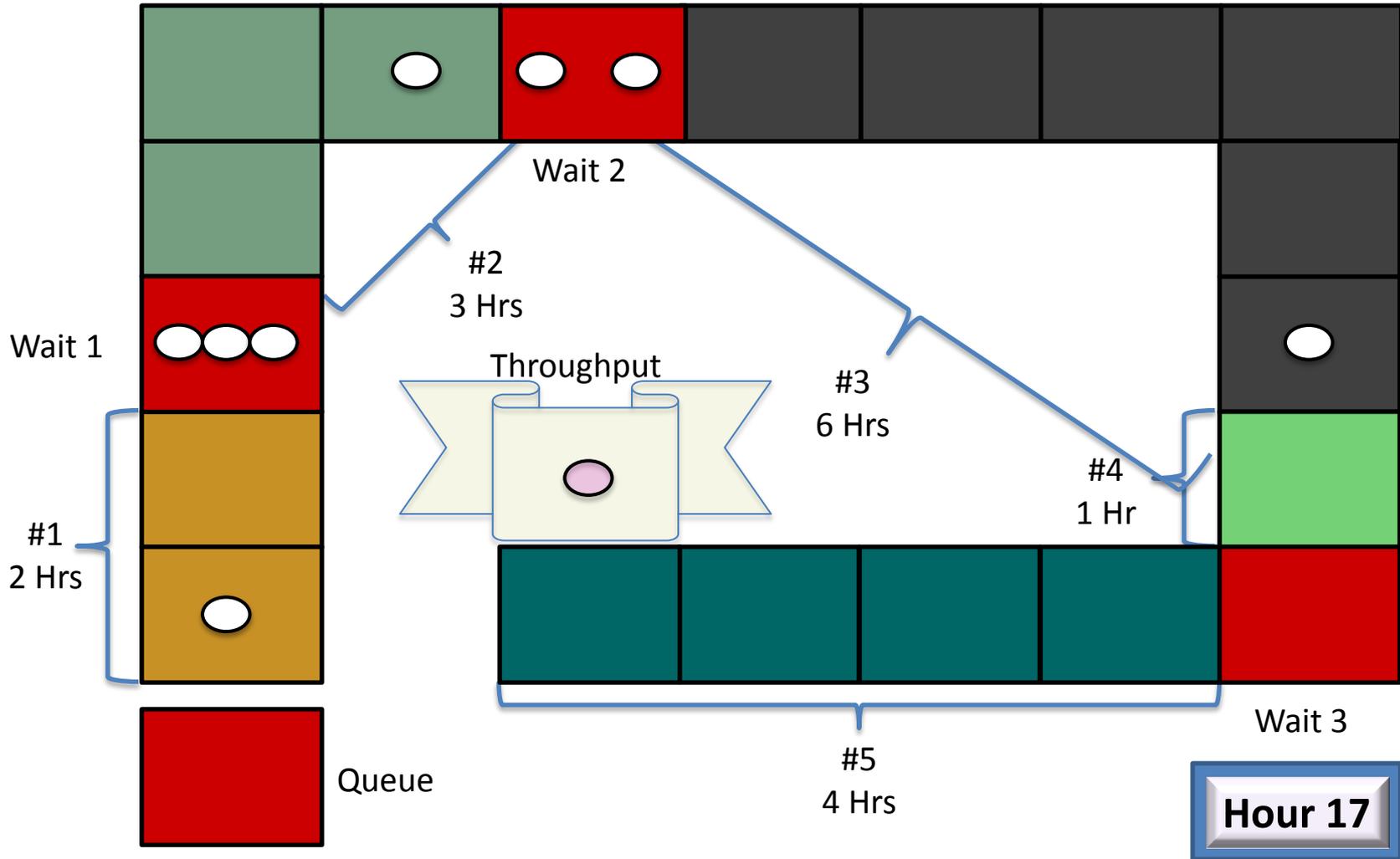


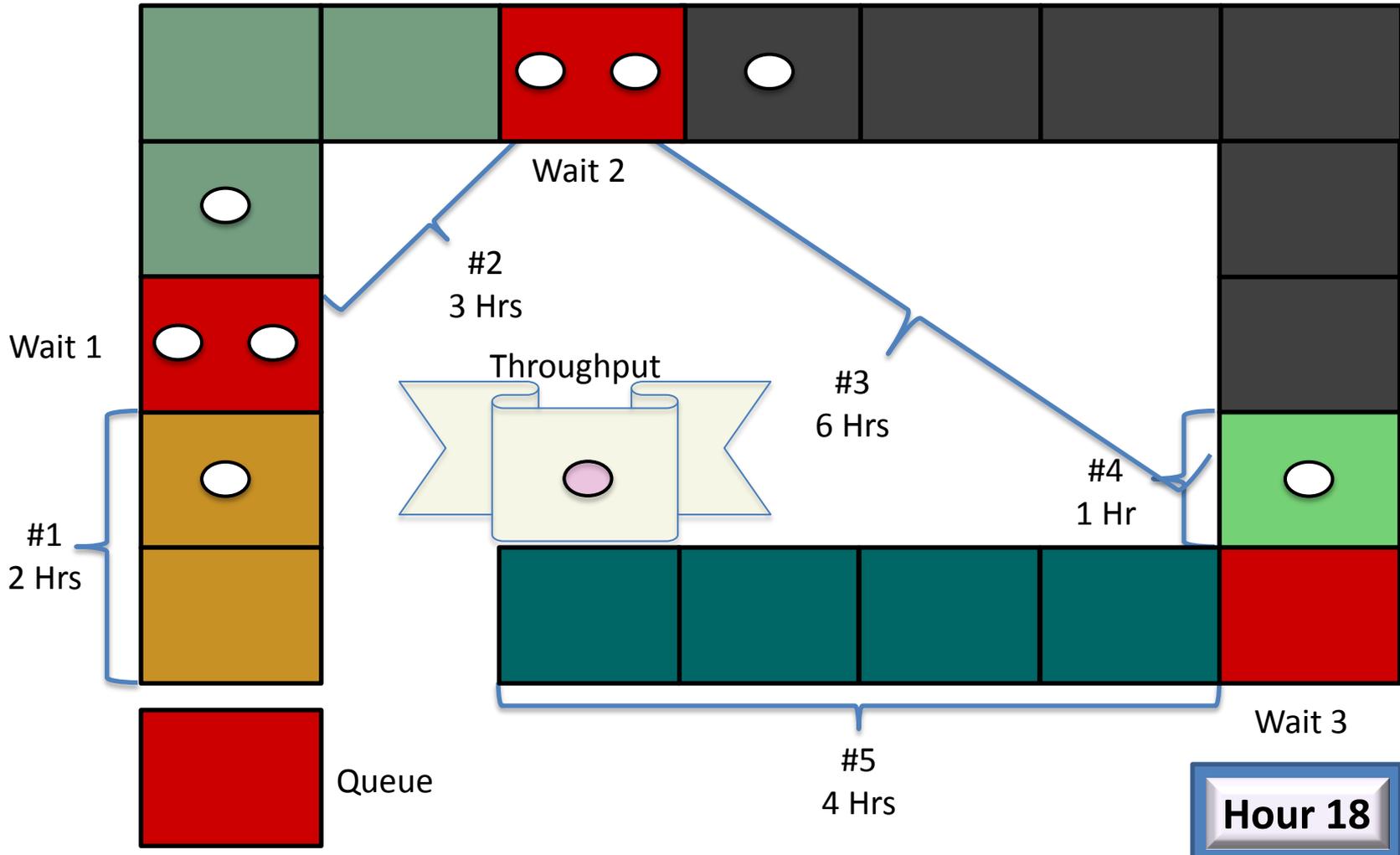


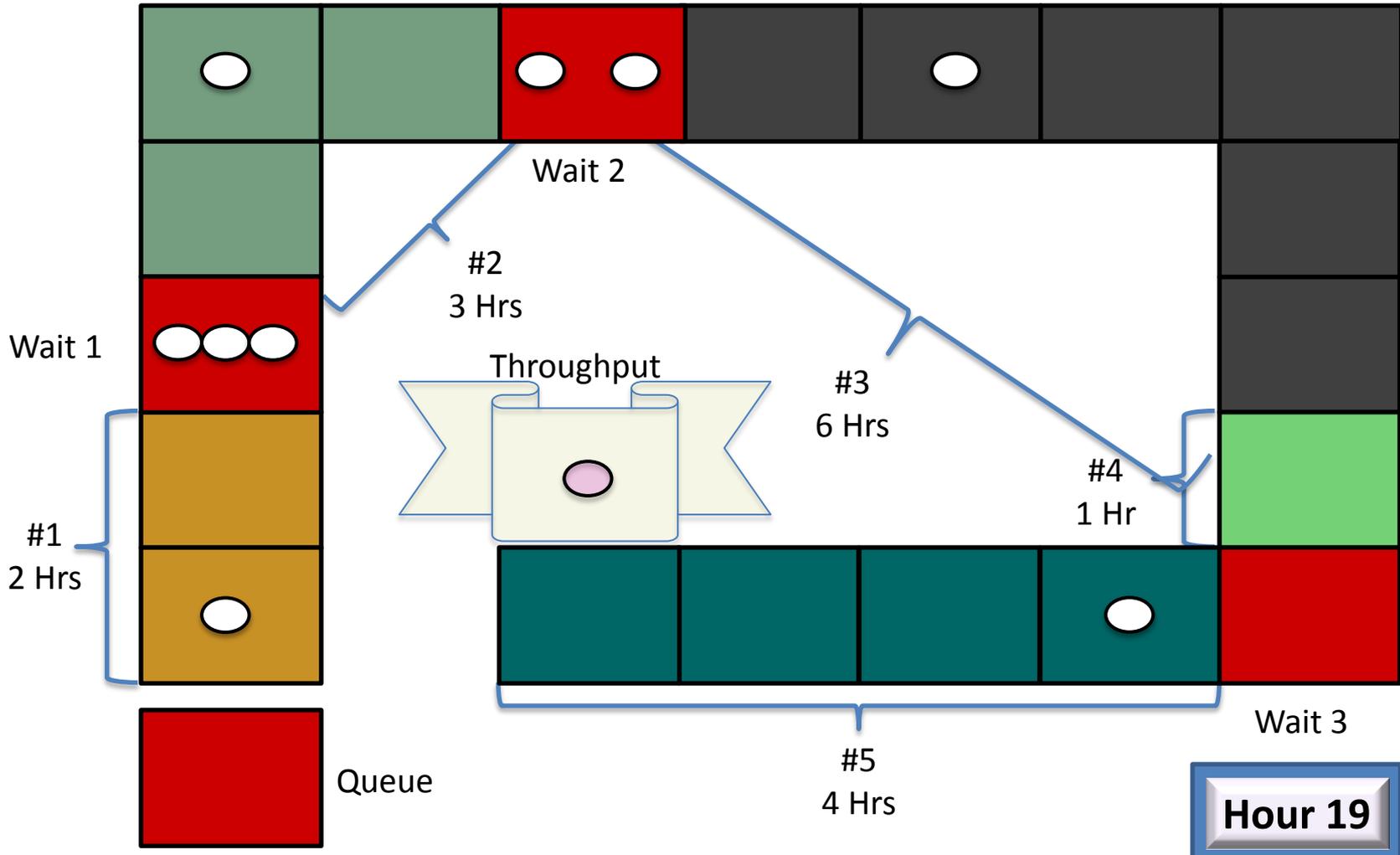


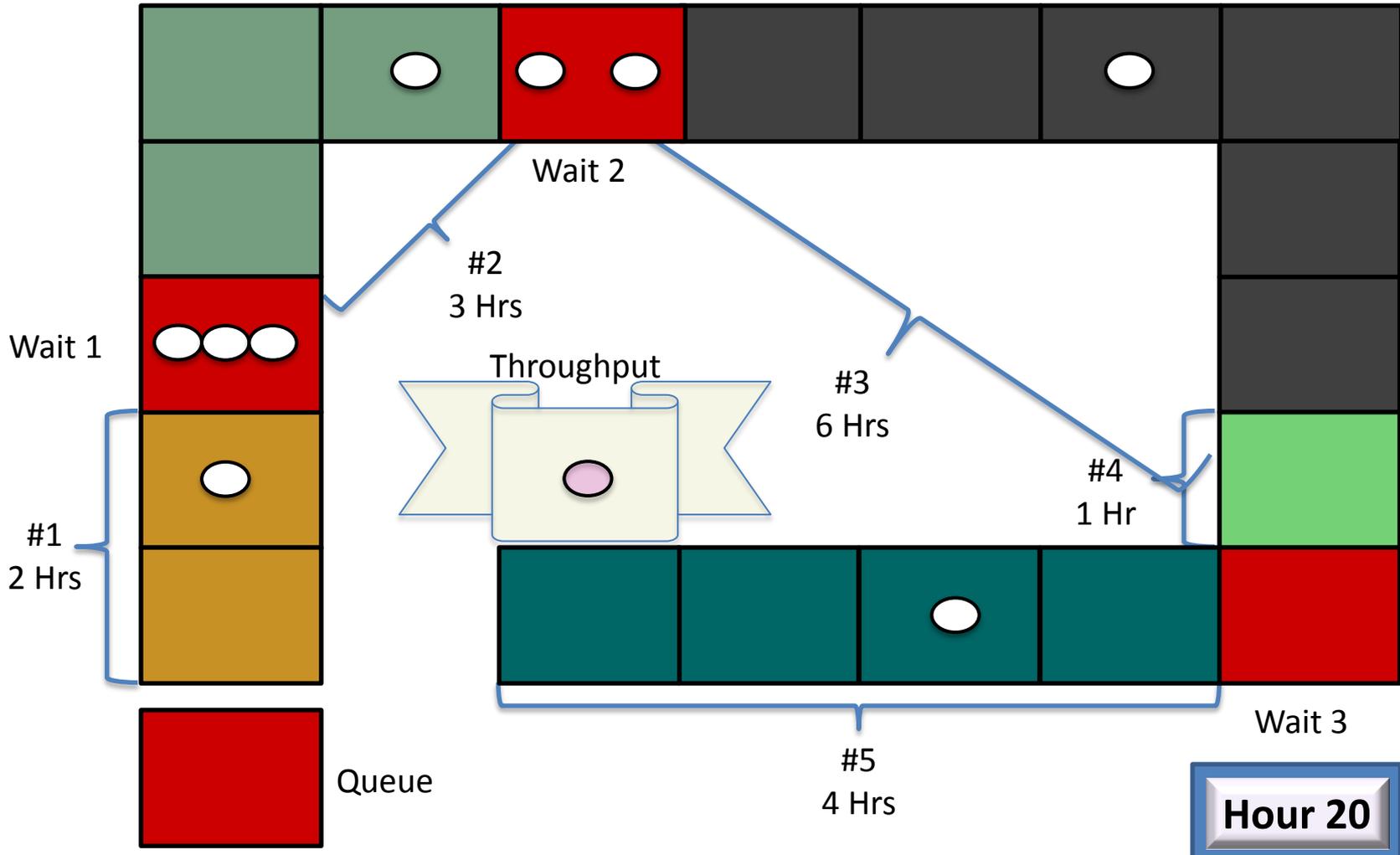


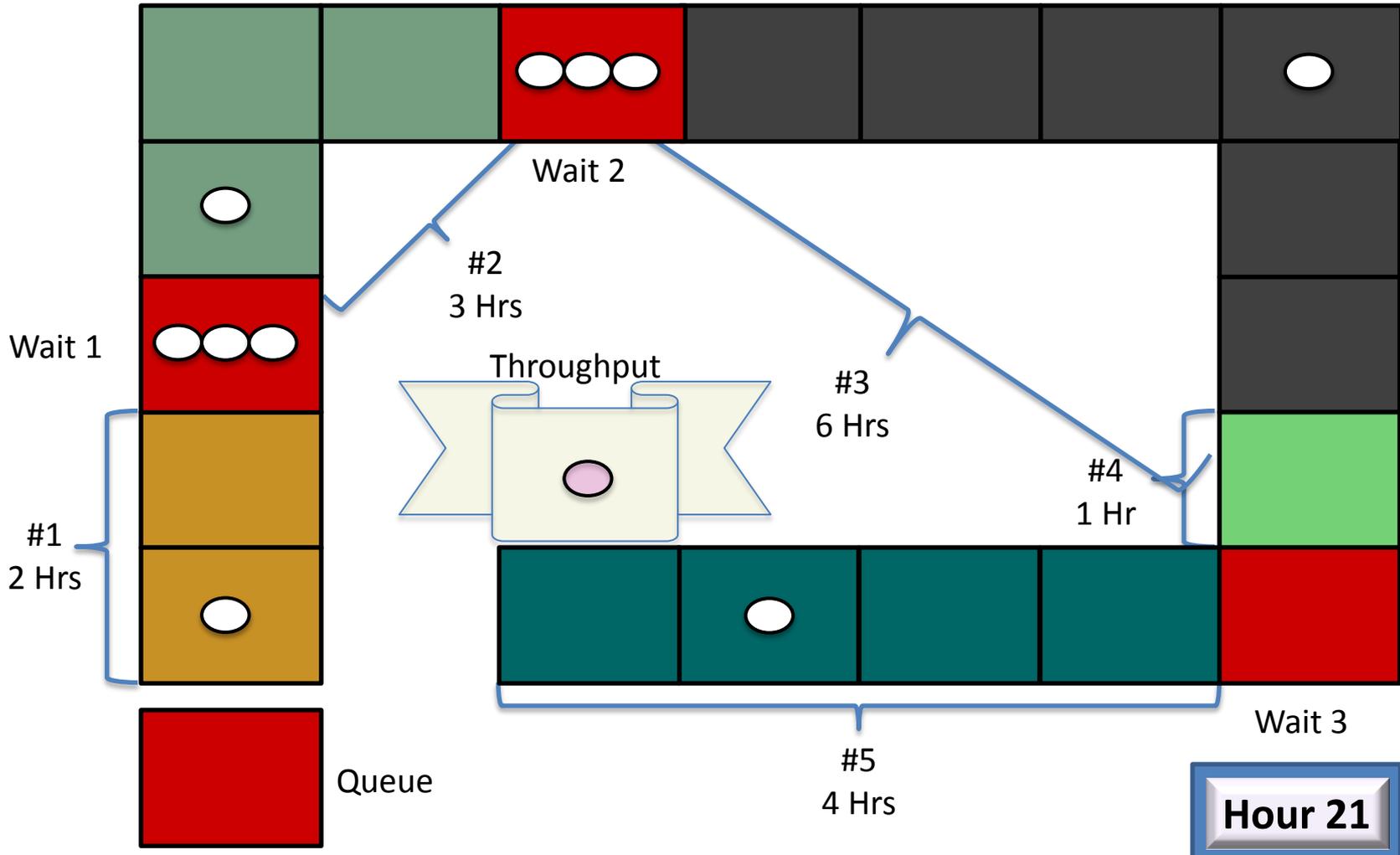
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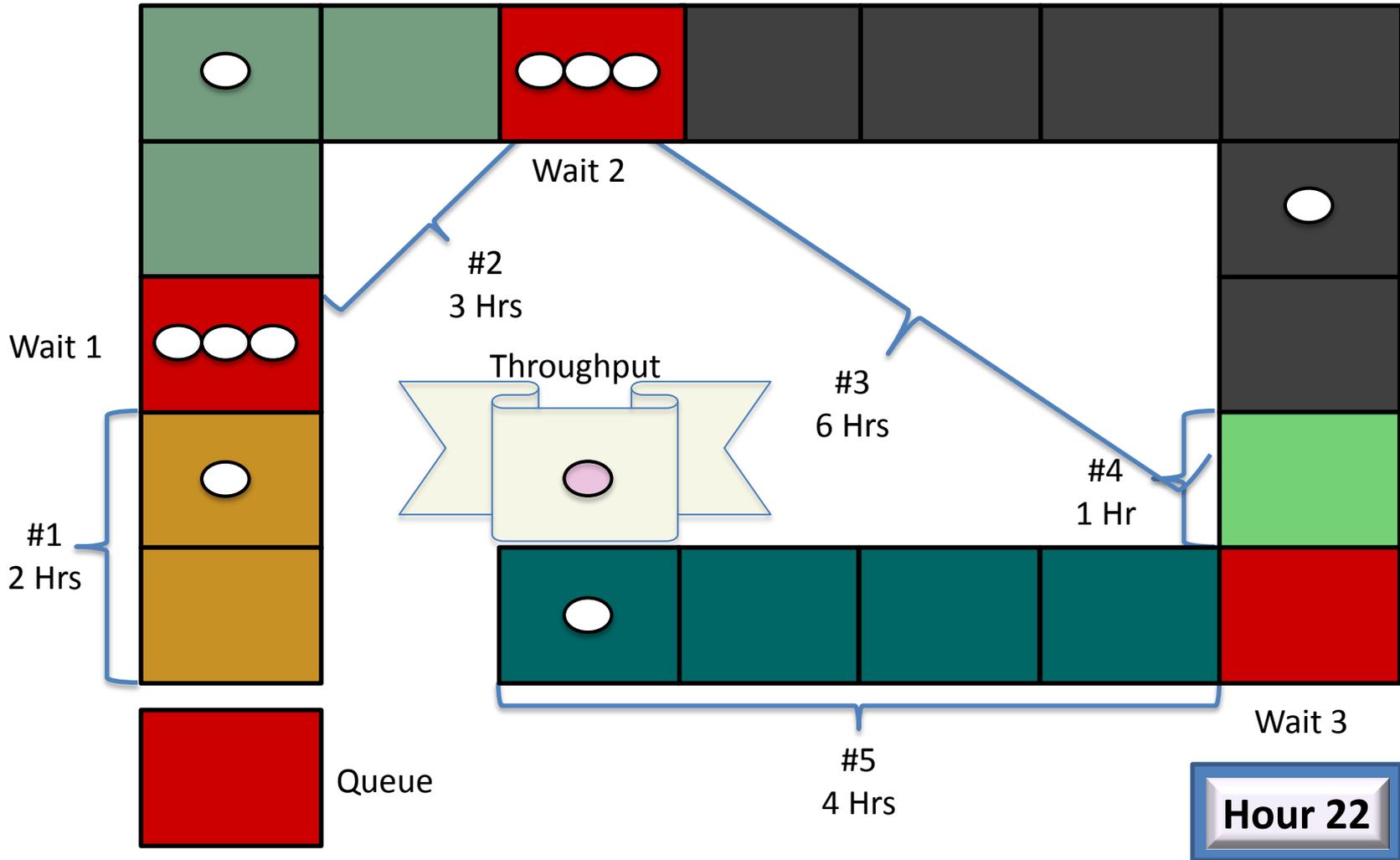




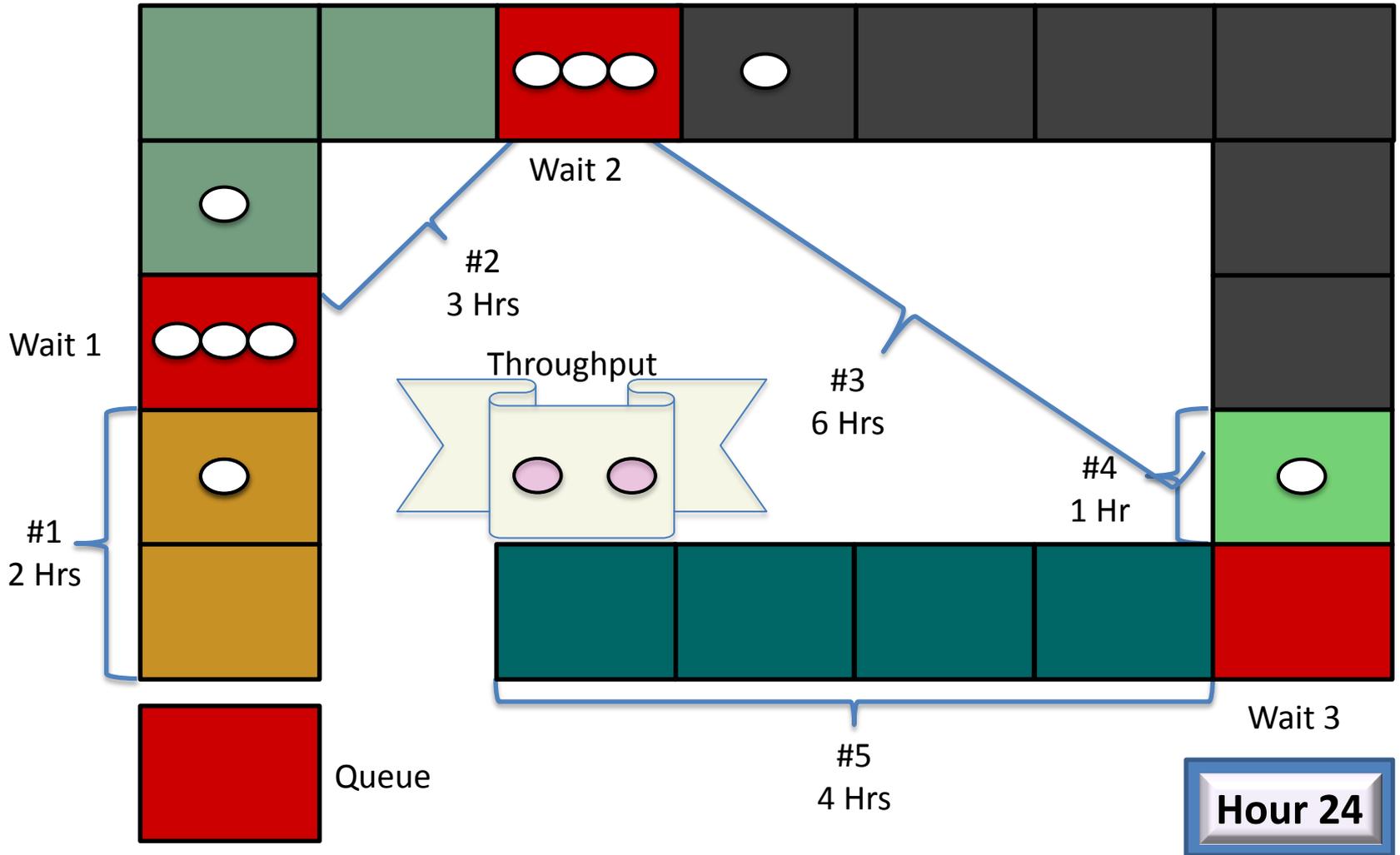


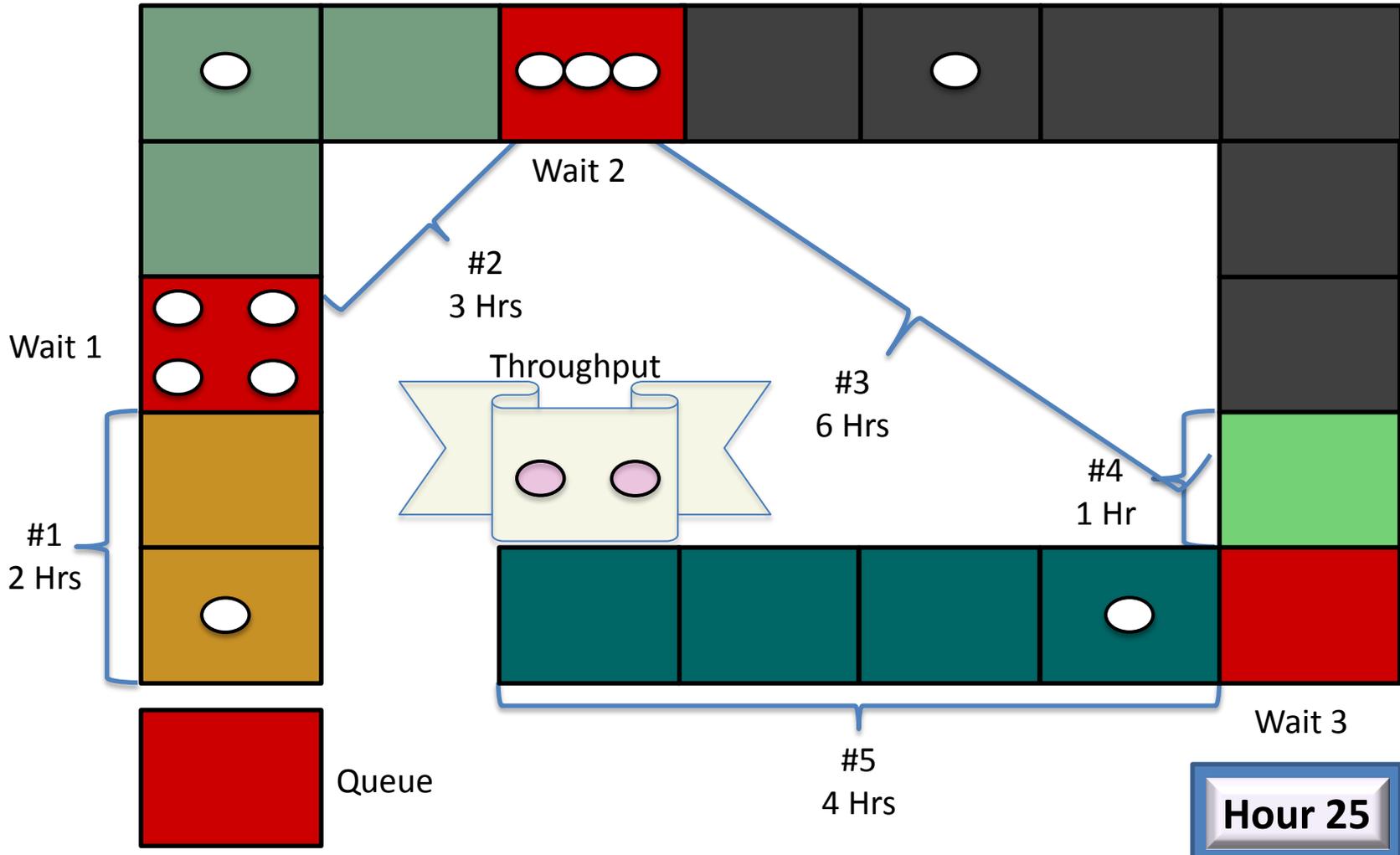


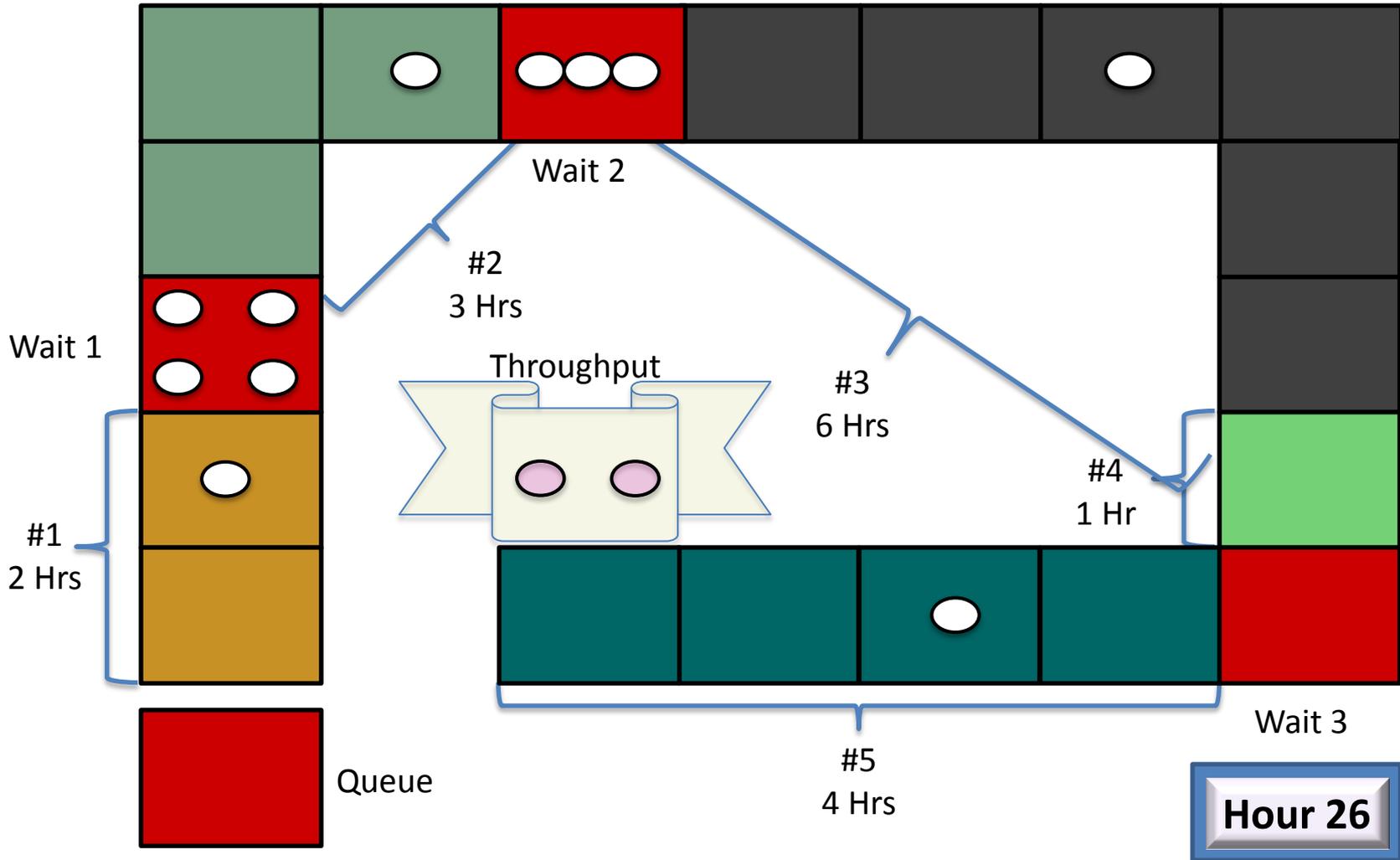




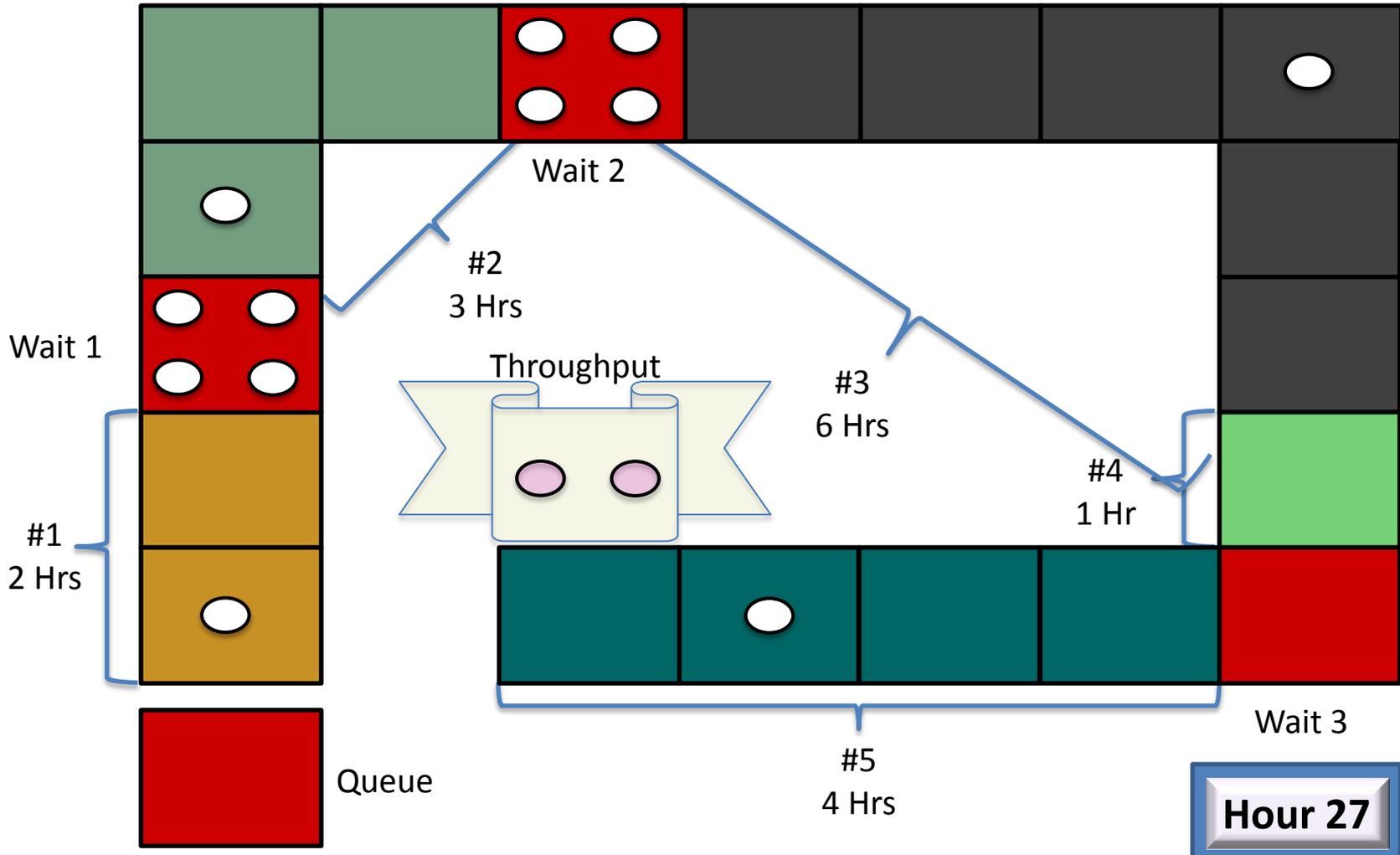






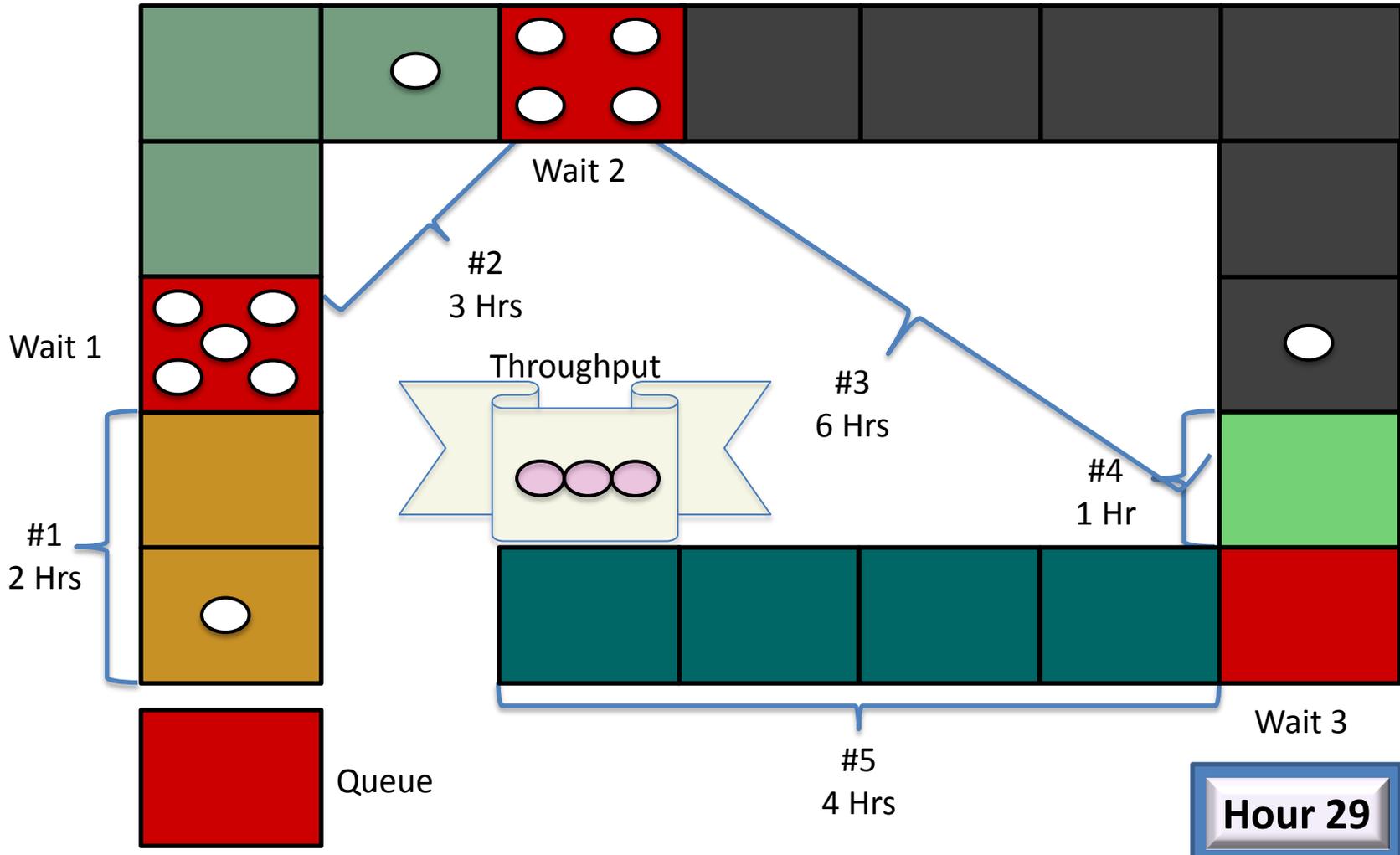


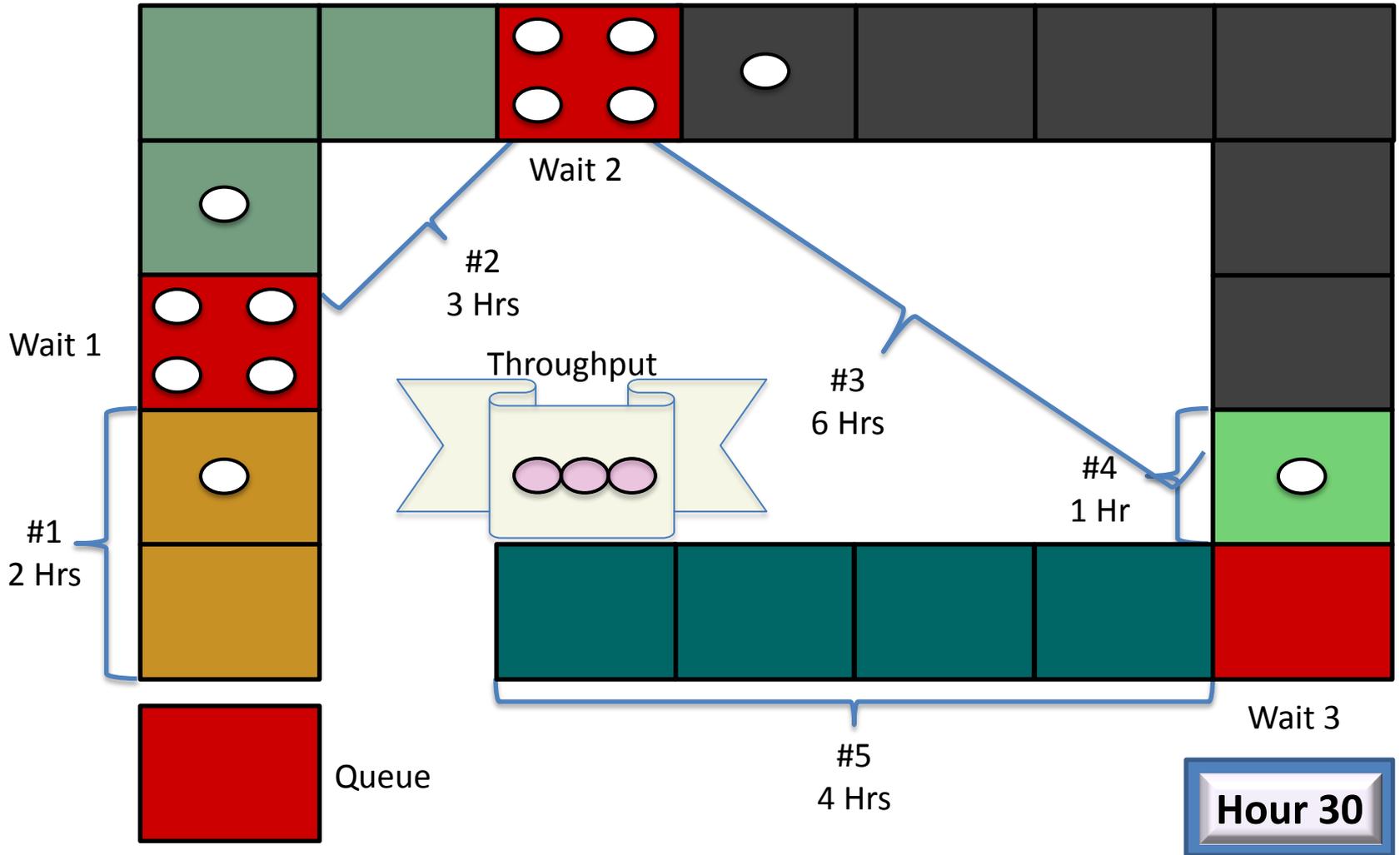
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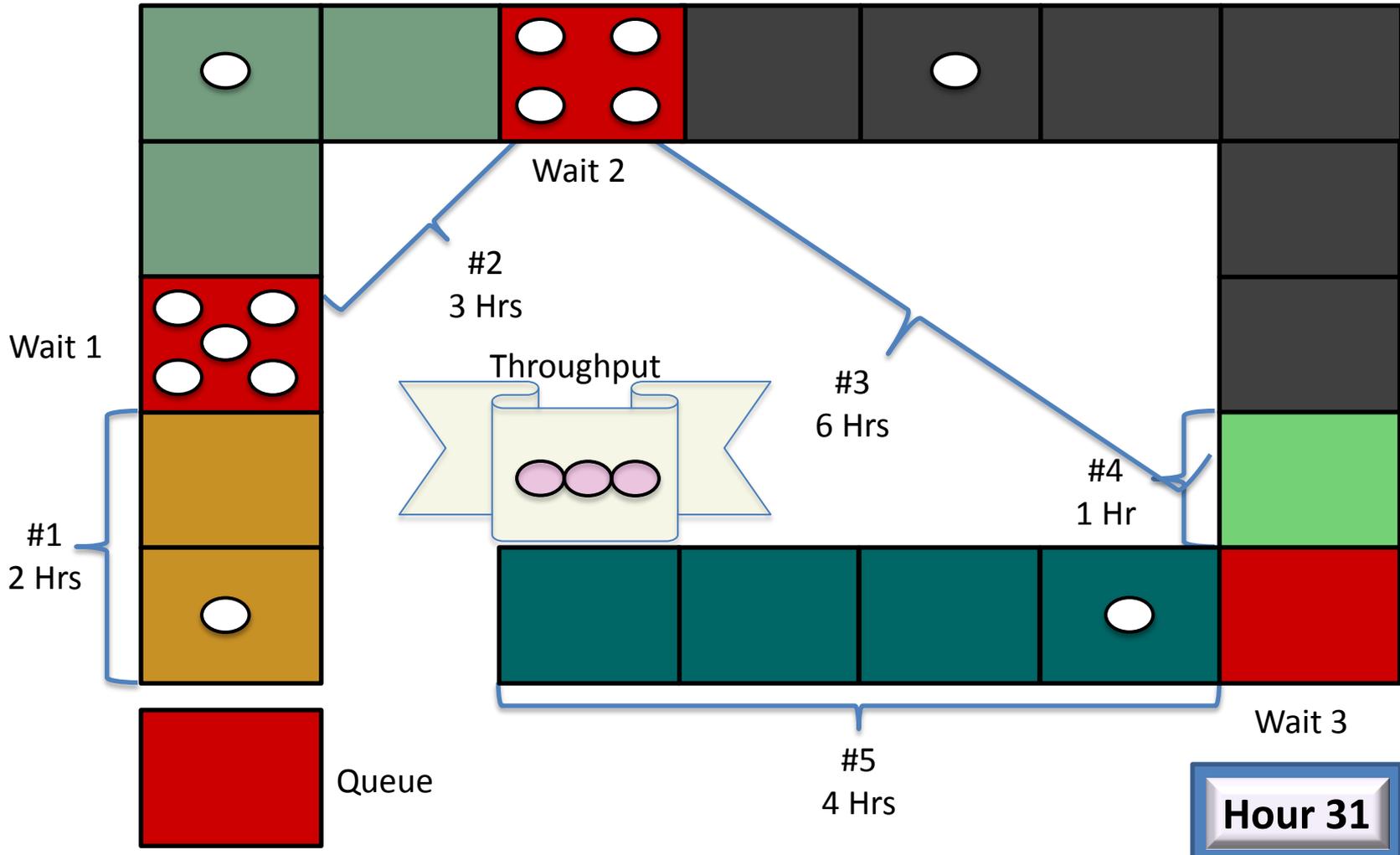


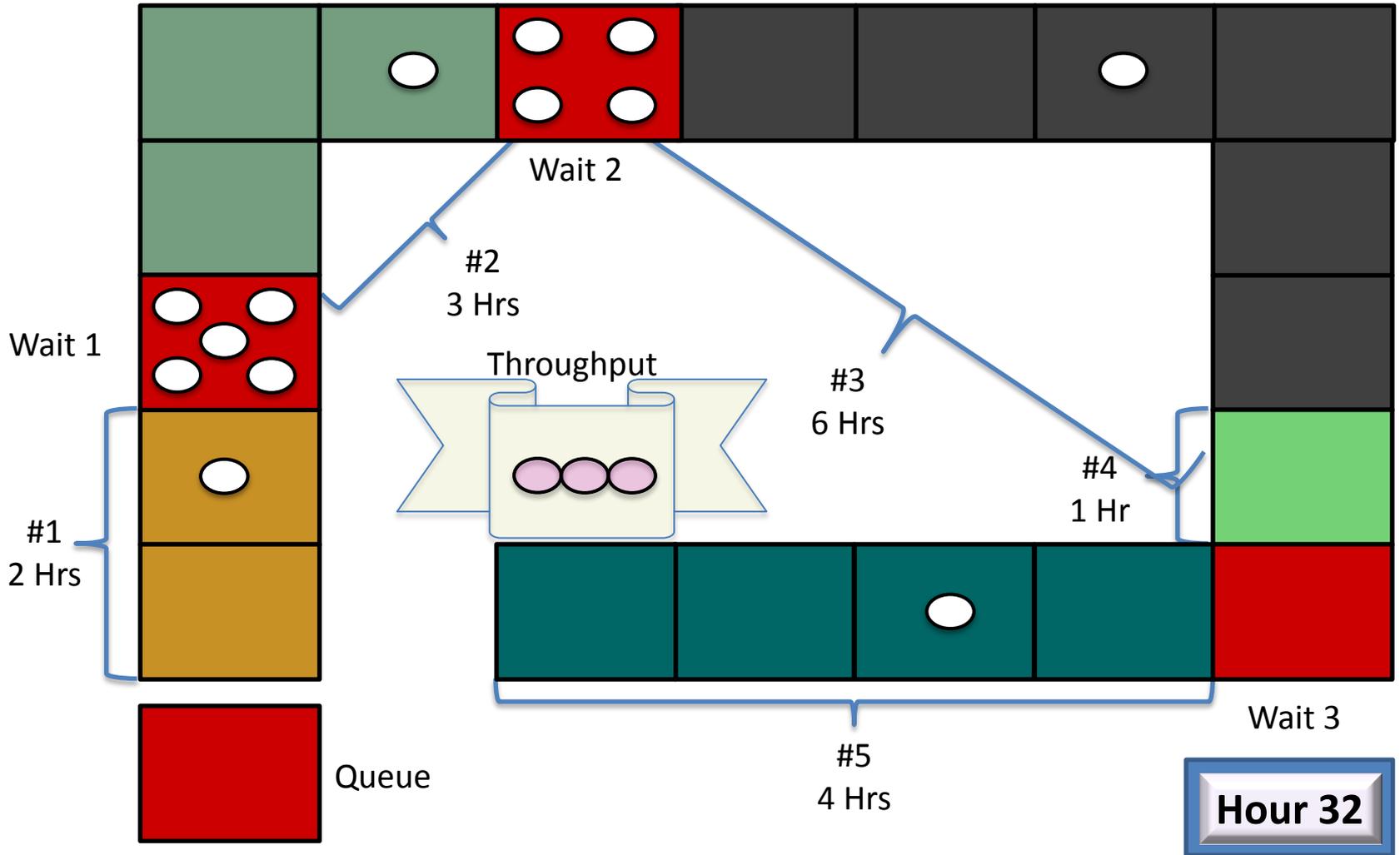
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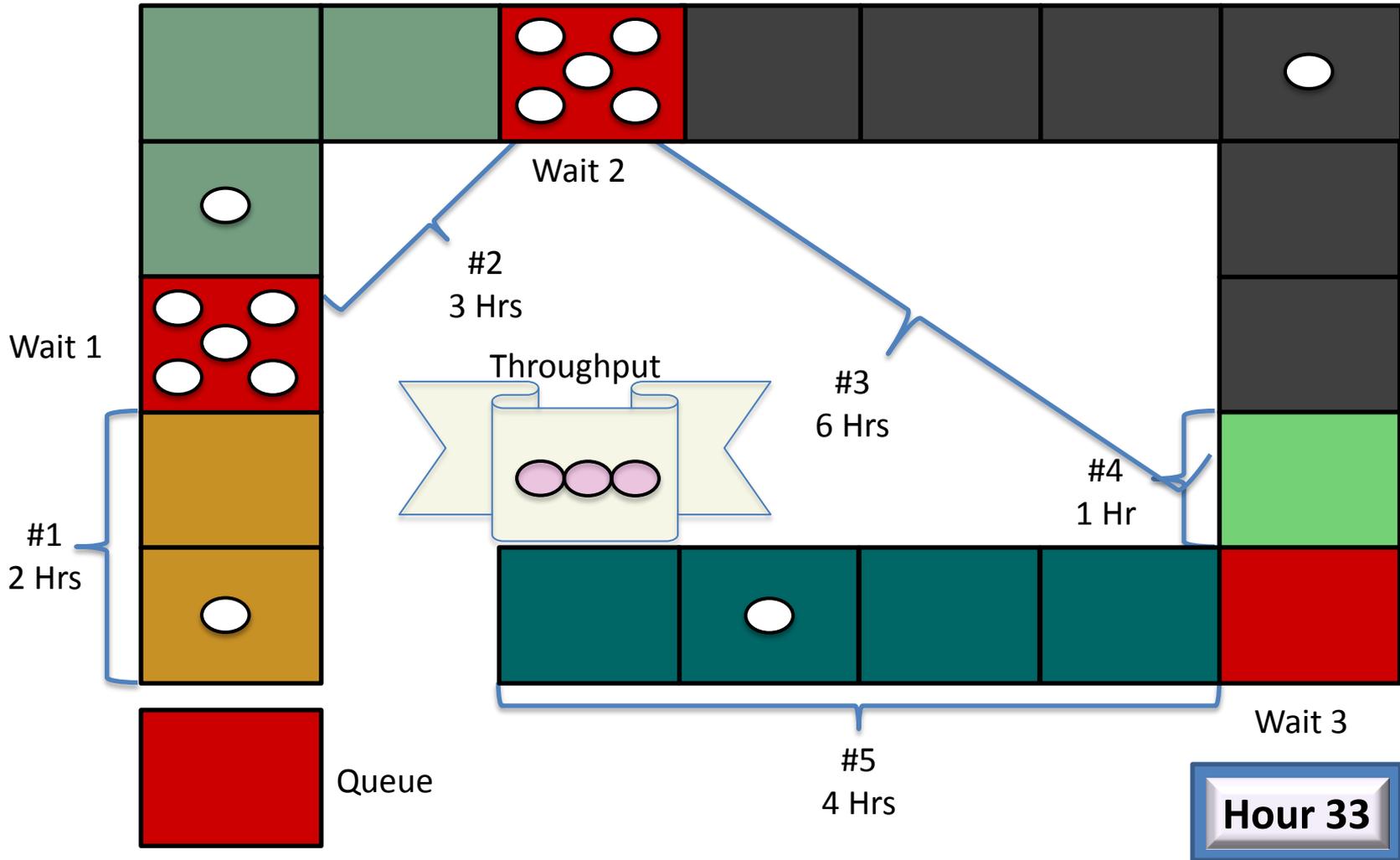


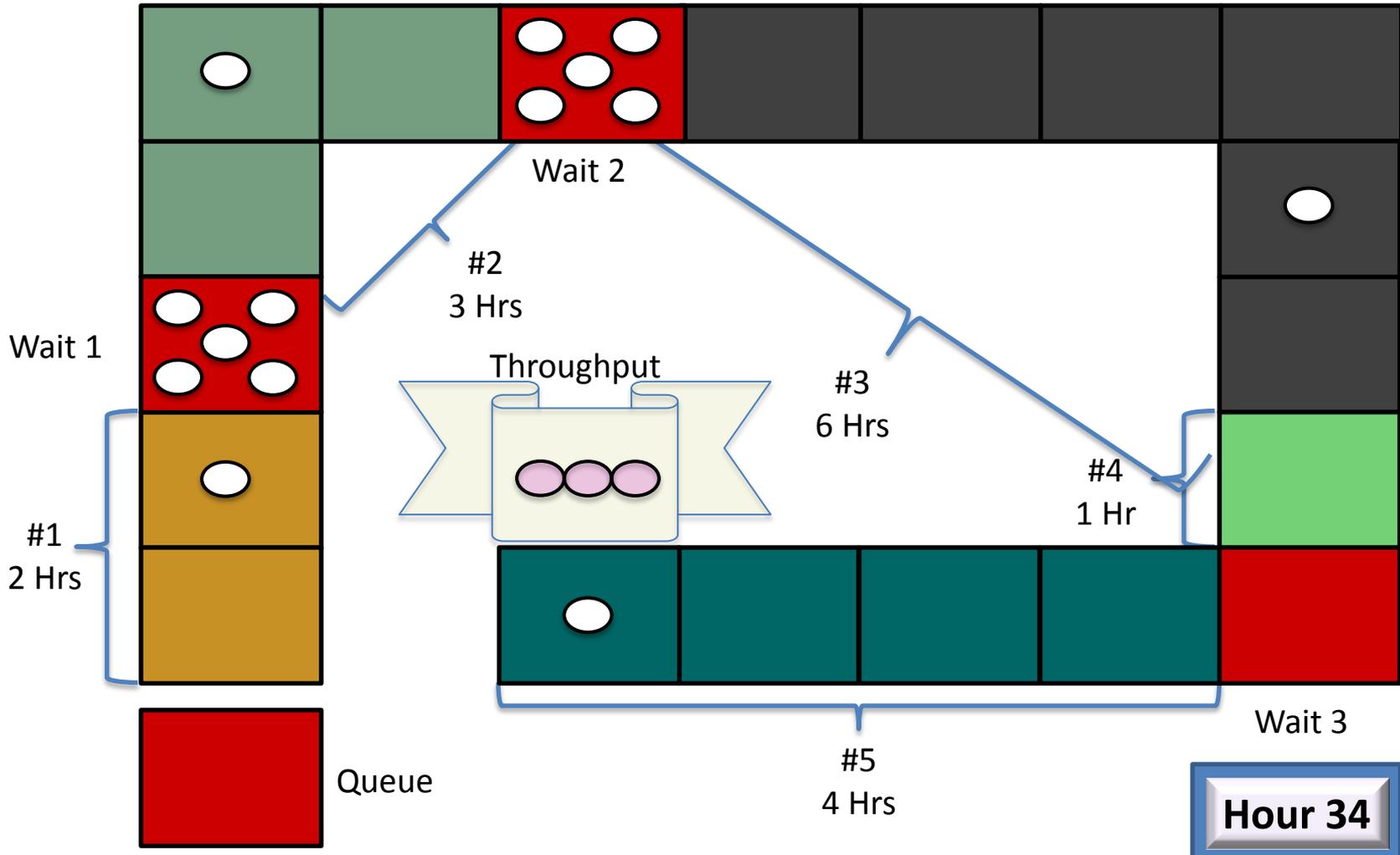


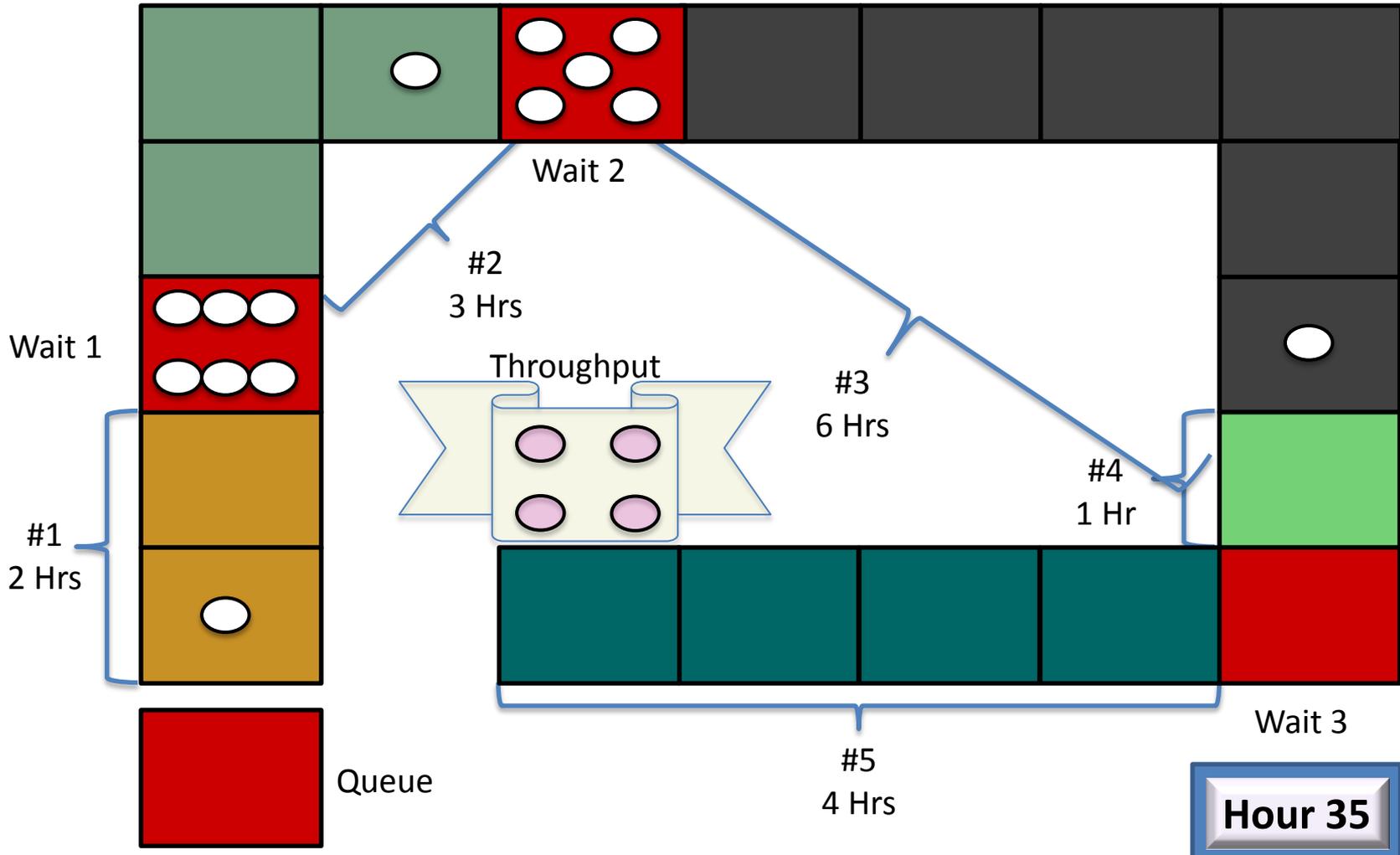


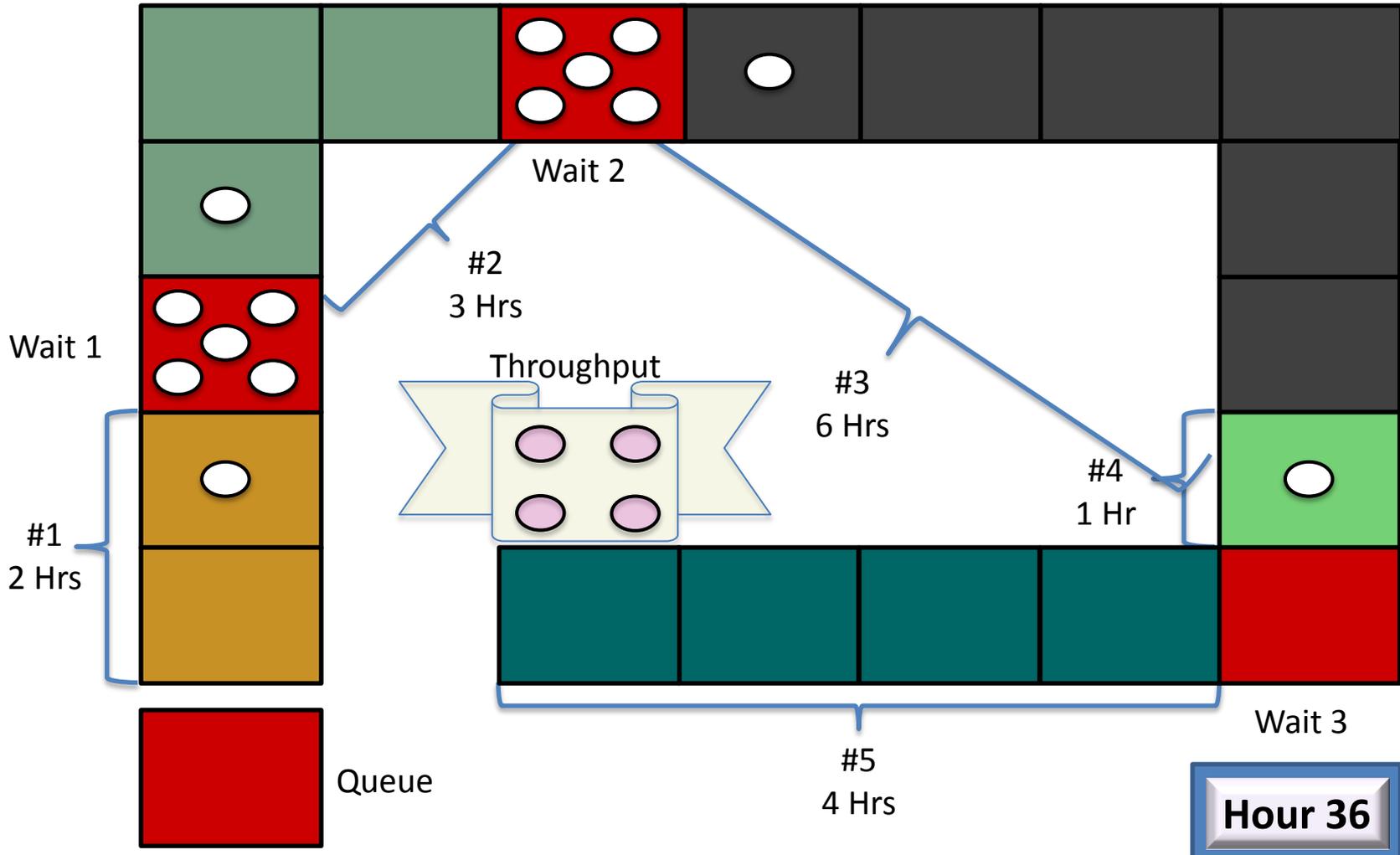


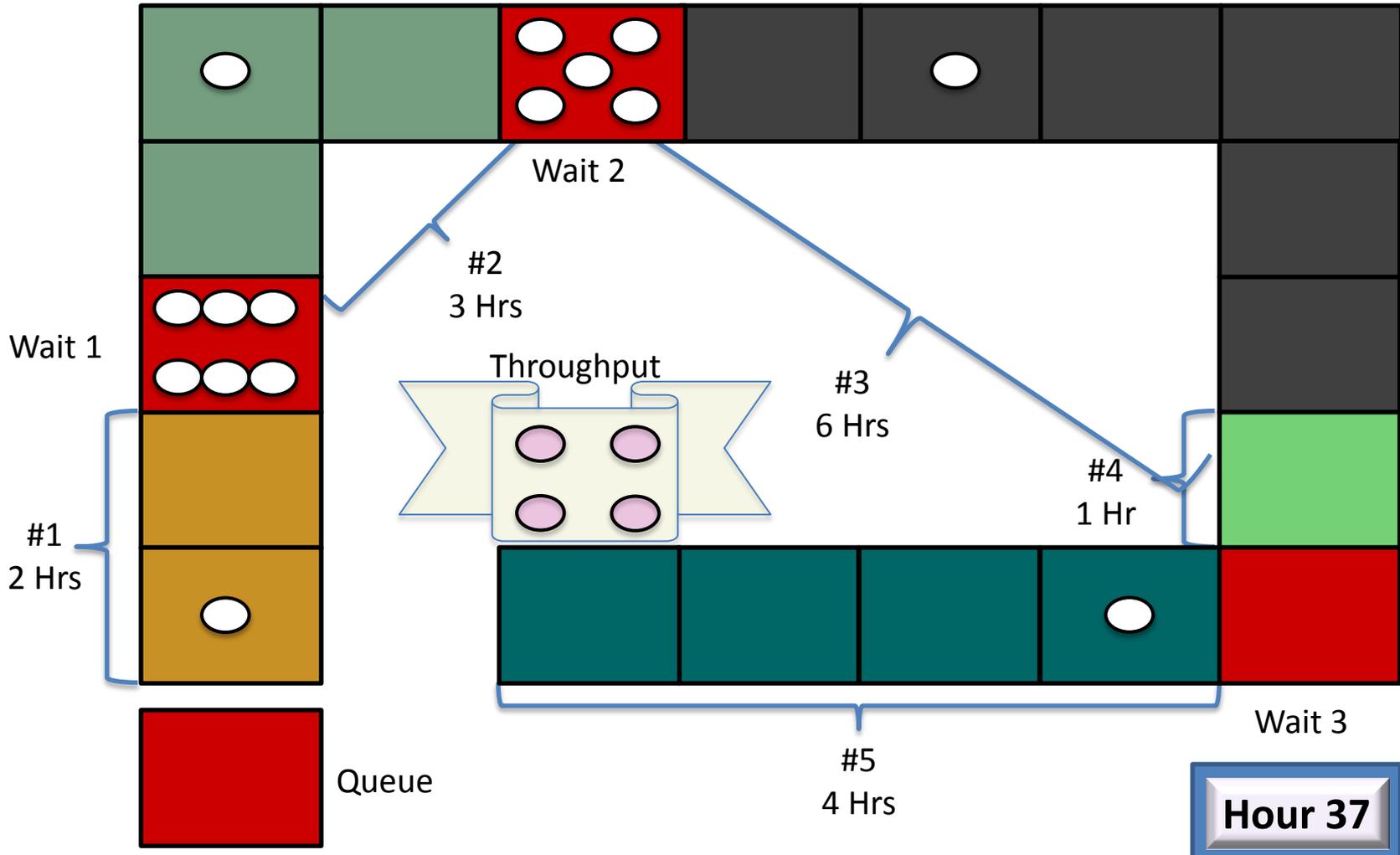


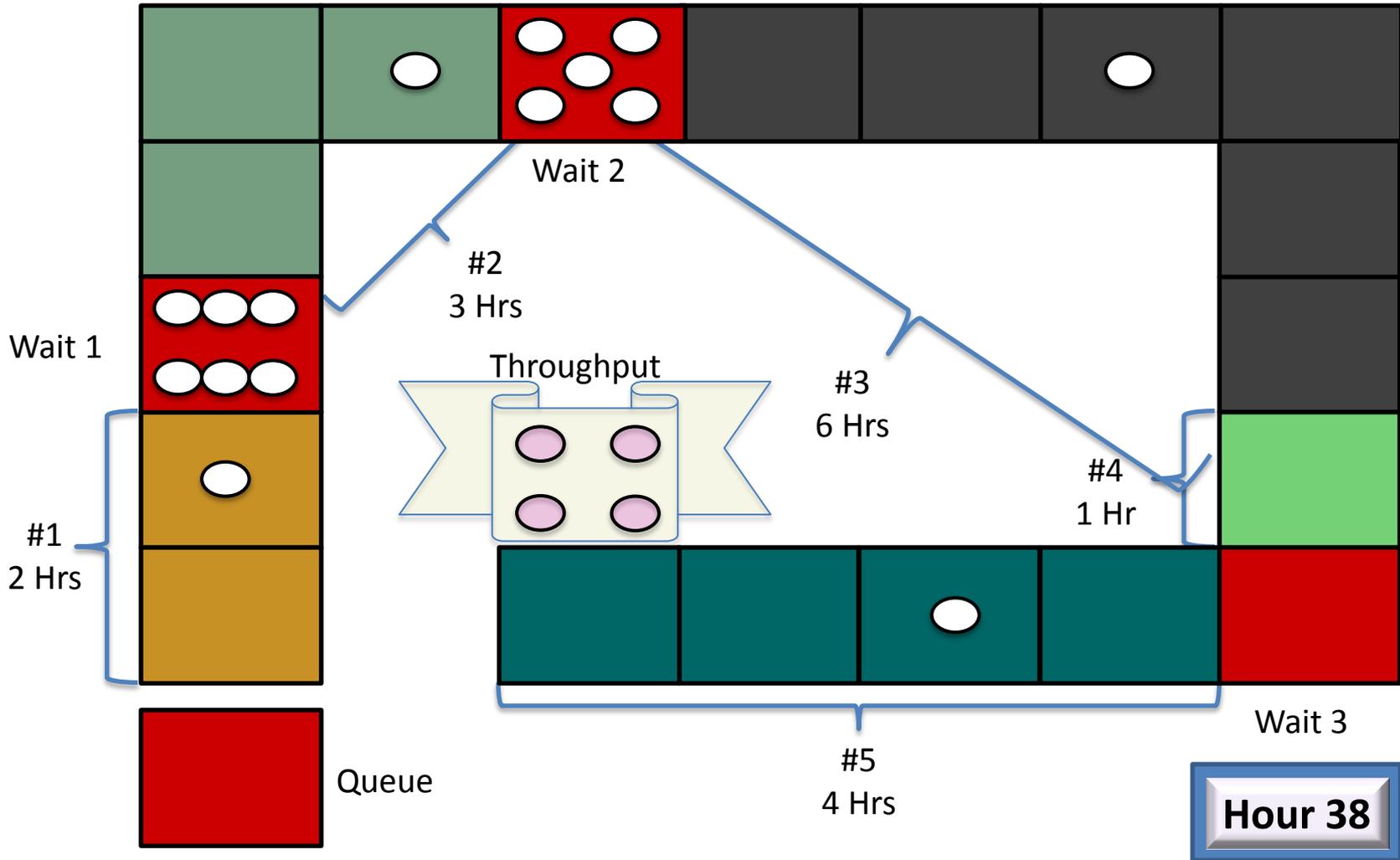




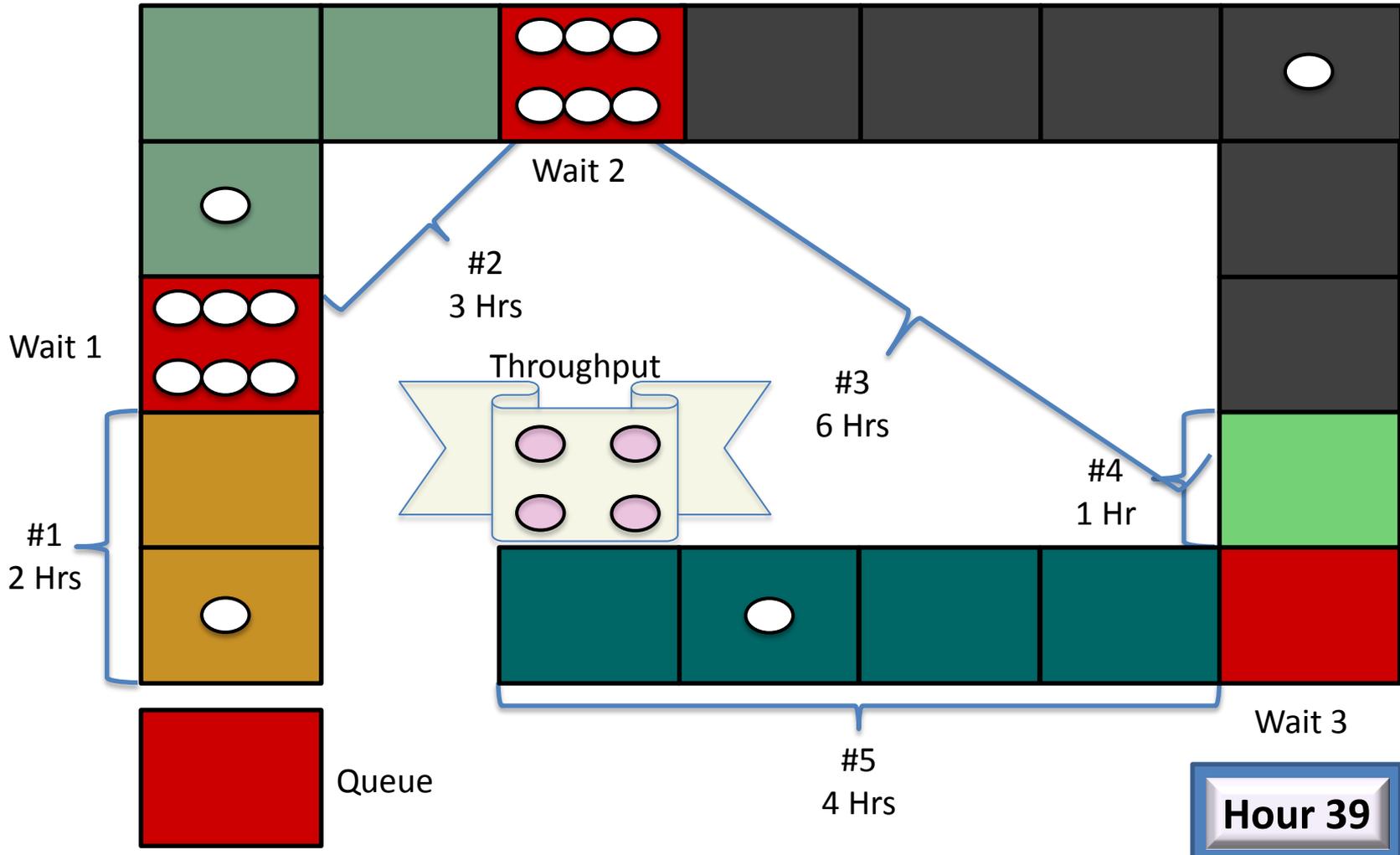


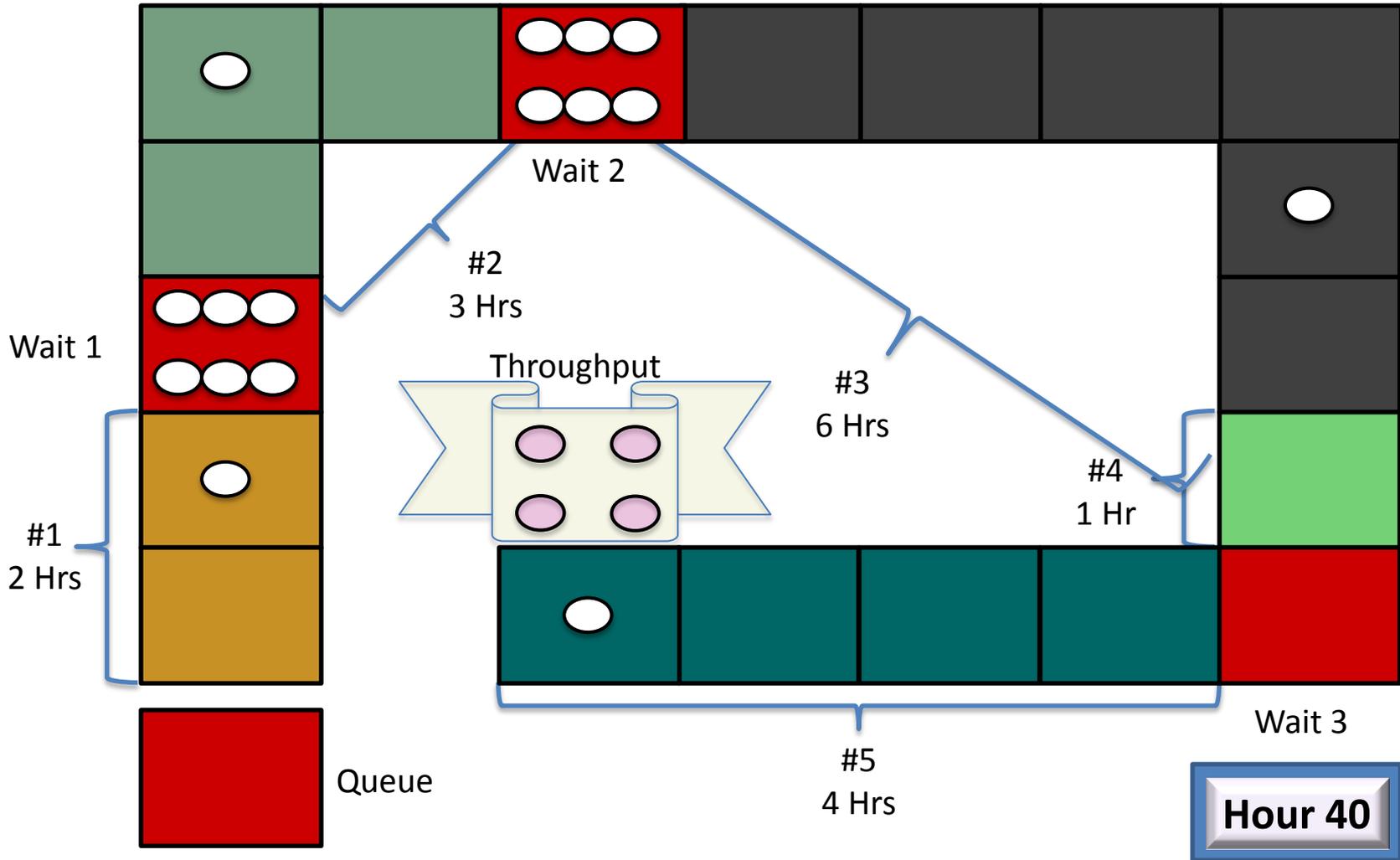


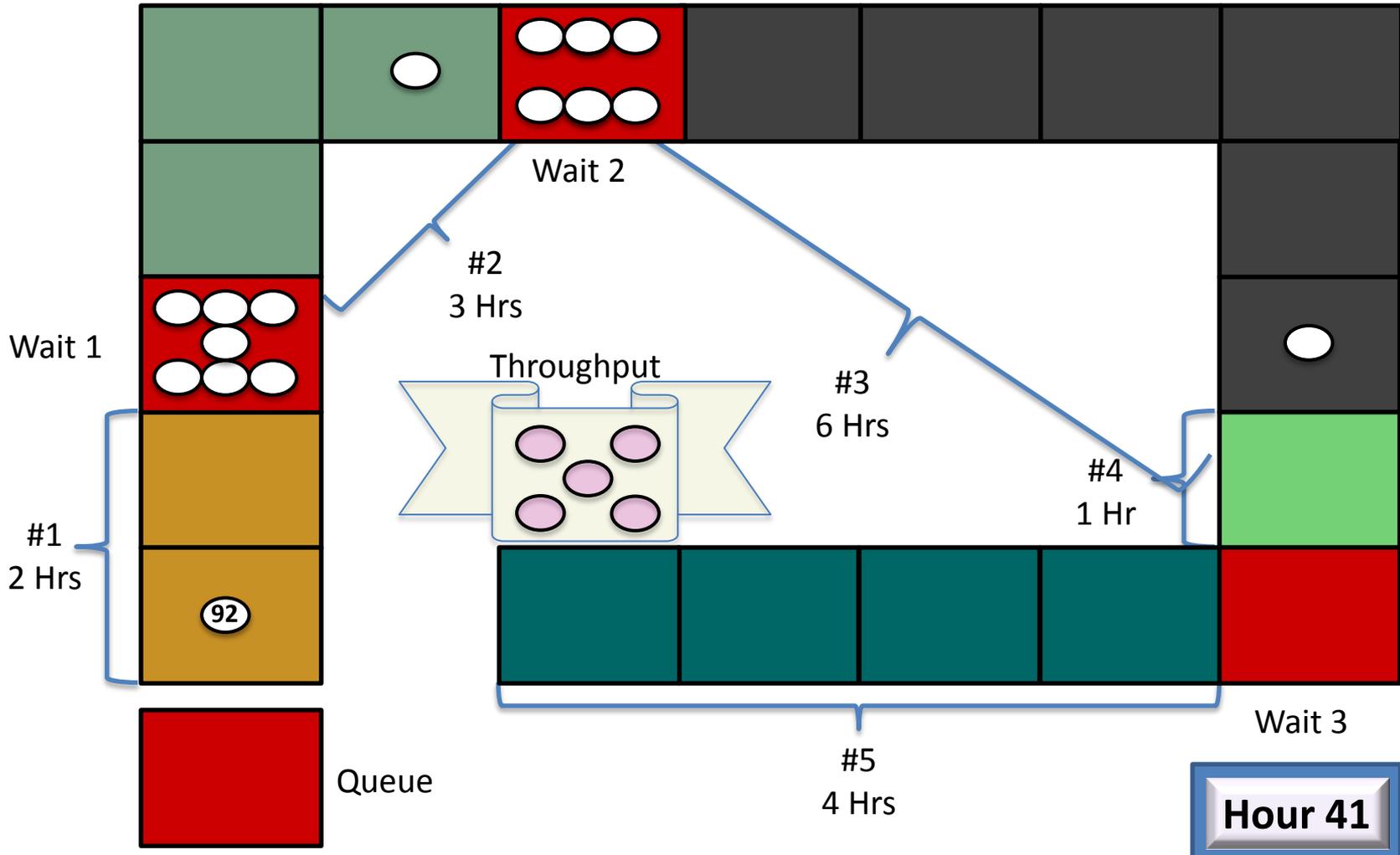




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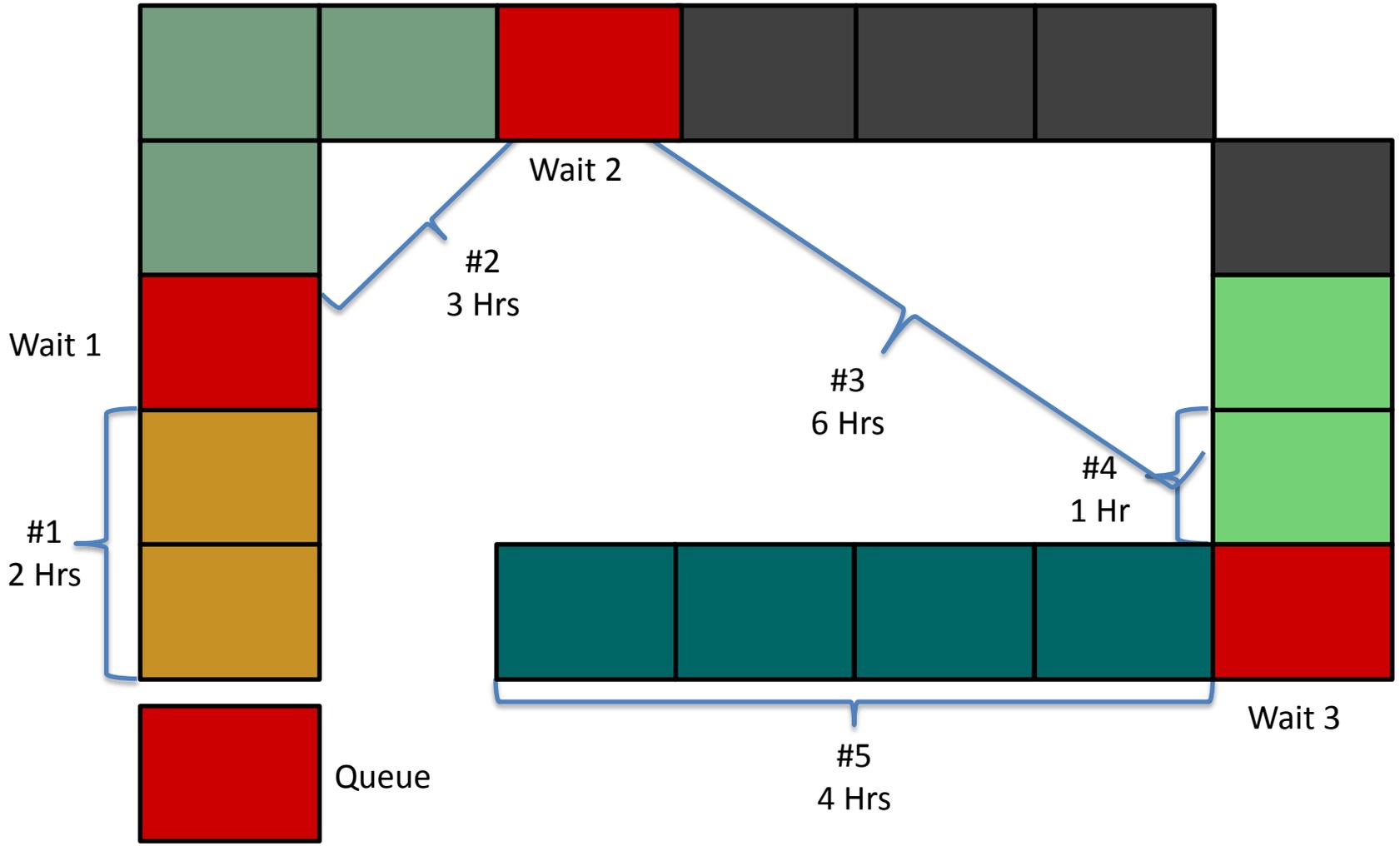


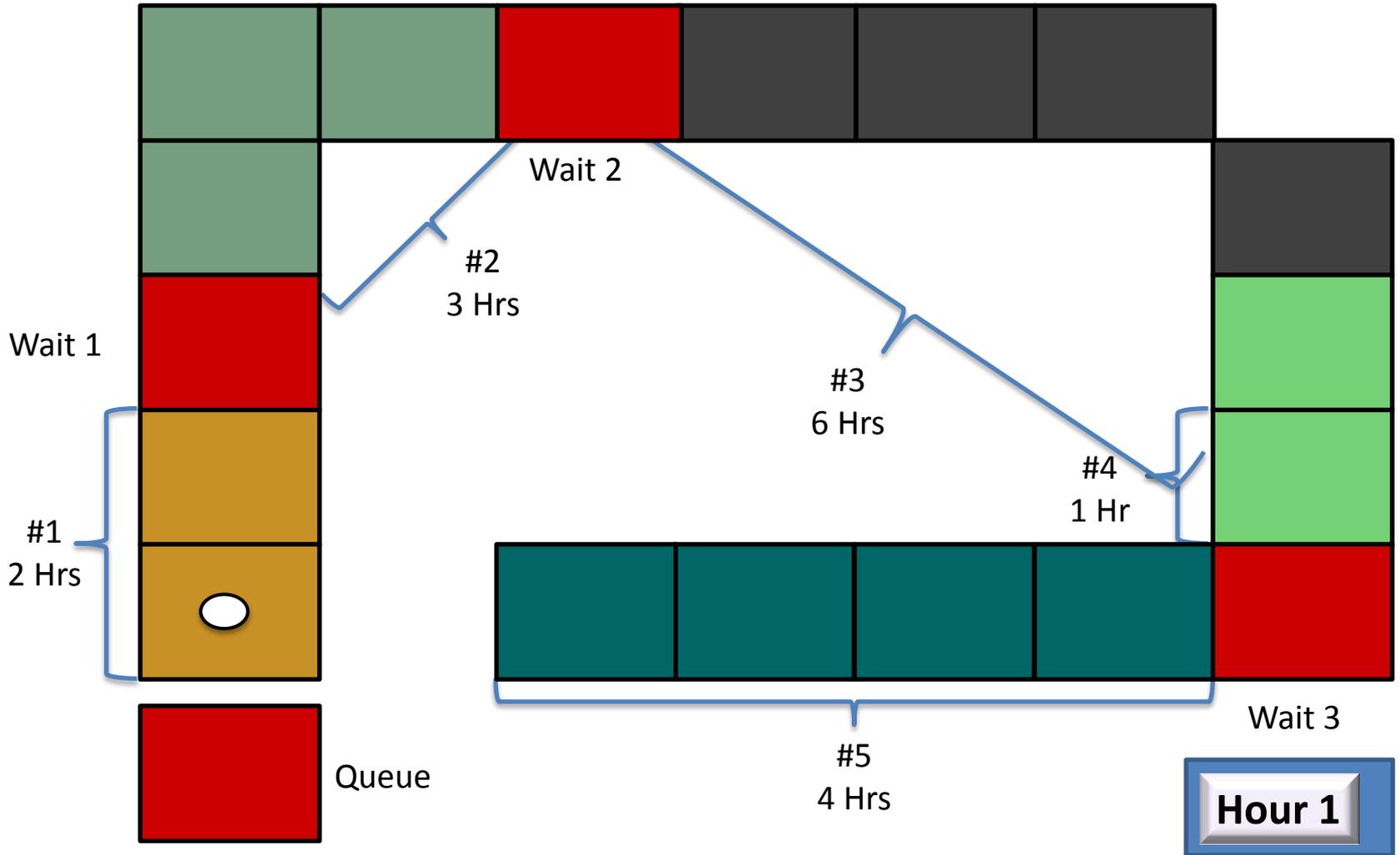


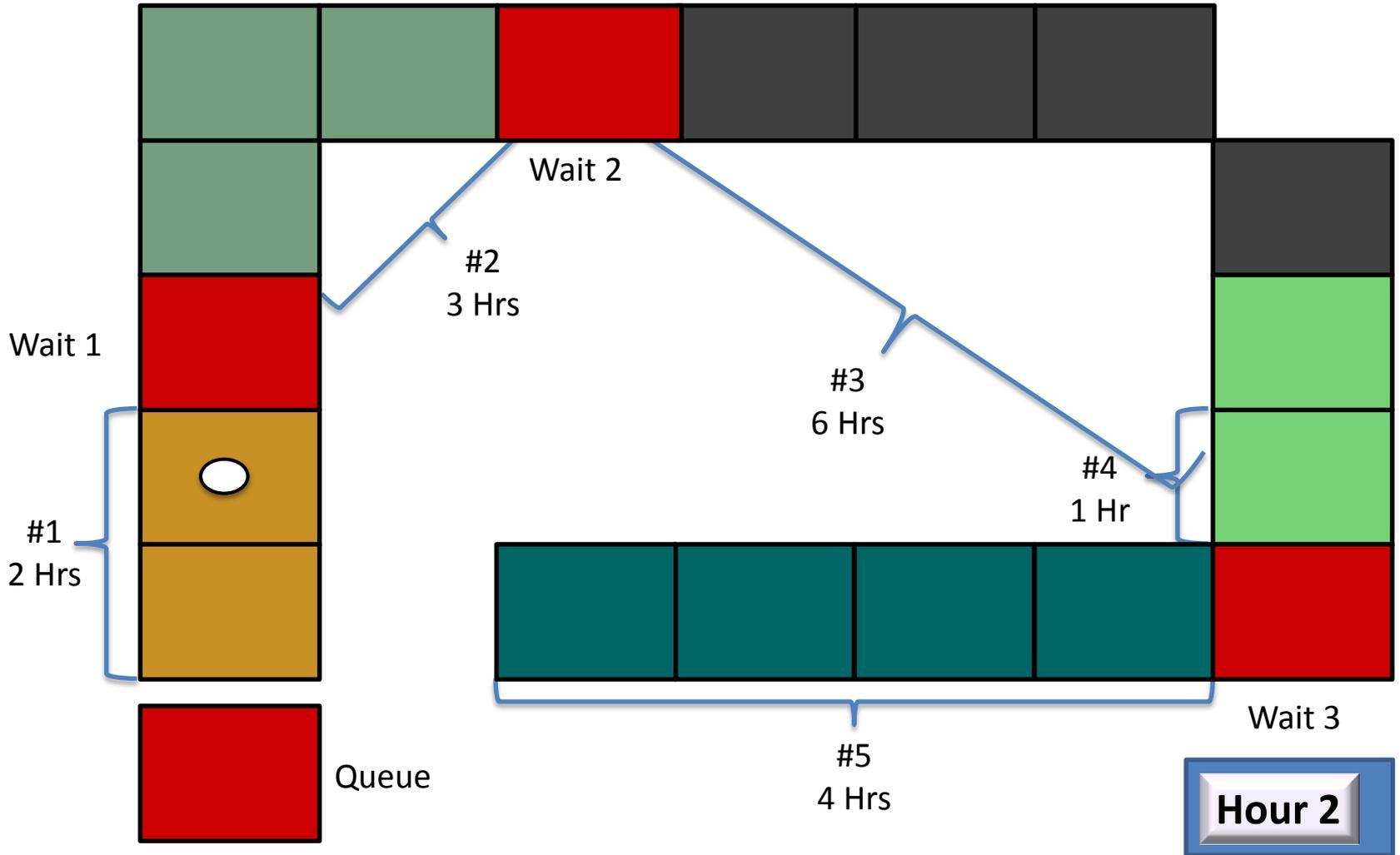
# Results and Costs Per Unit

The way WIP and flow are managed impacts the fixed costs per unit. In the first simulation:

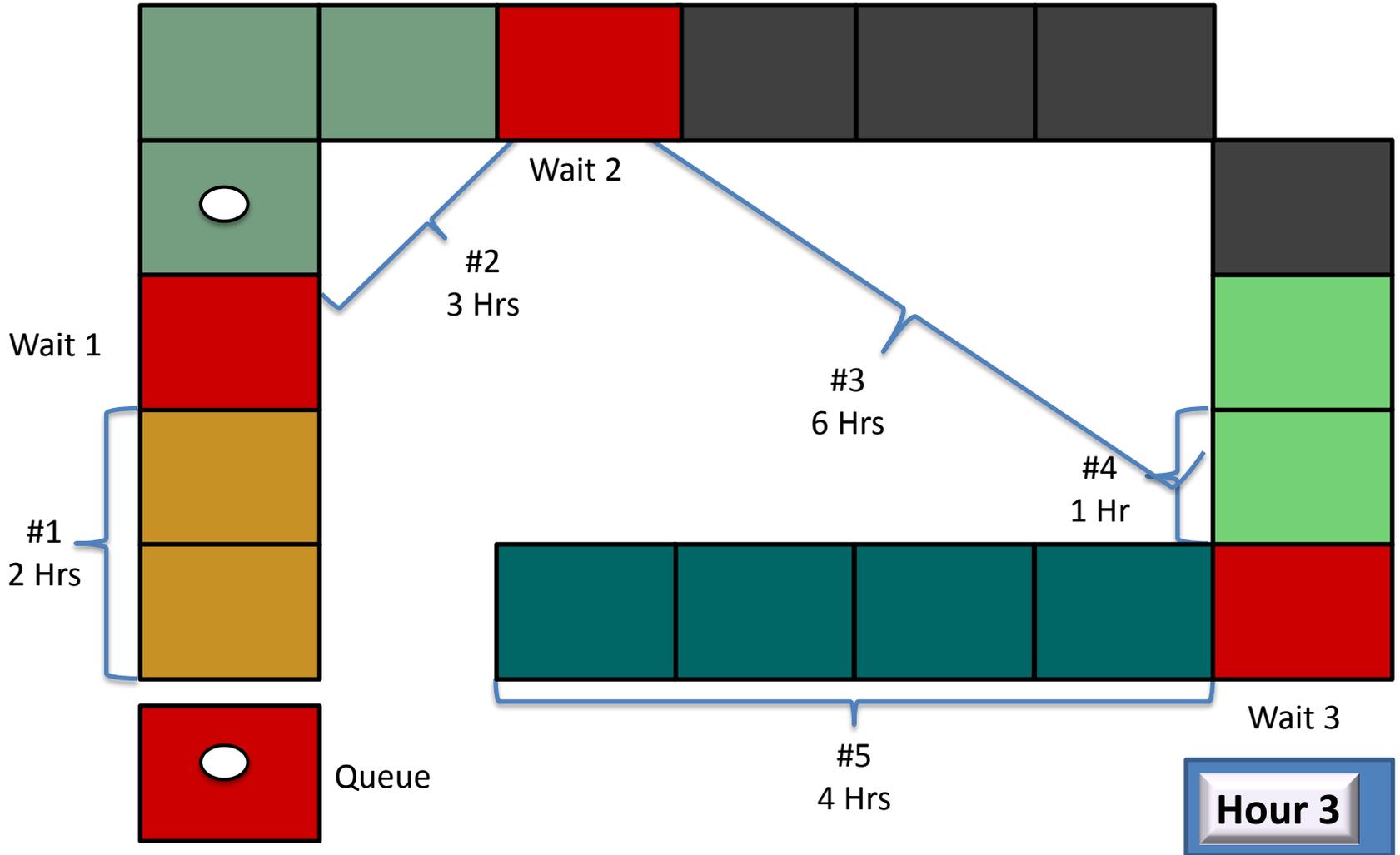
- Assume fixed costs for operating expenses based on 5 FTE's
- Assume the hourly rate is \$60 (includes overhead)
- Therefore, total fixed costs per week are \$12,000
- The throughput rate is one unit every six hours or 6.67 units per week (40 / 6)
- The cost per unit is \$1,800 ( $\$12,000 / 6.67$ )

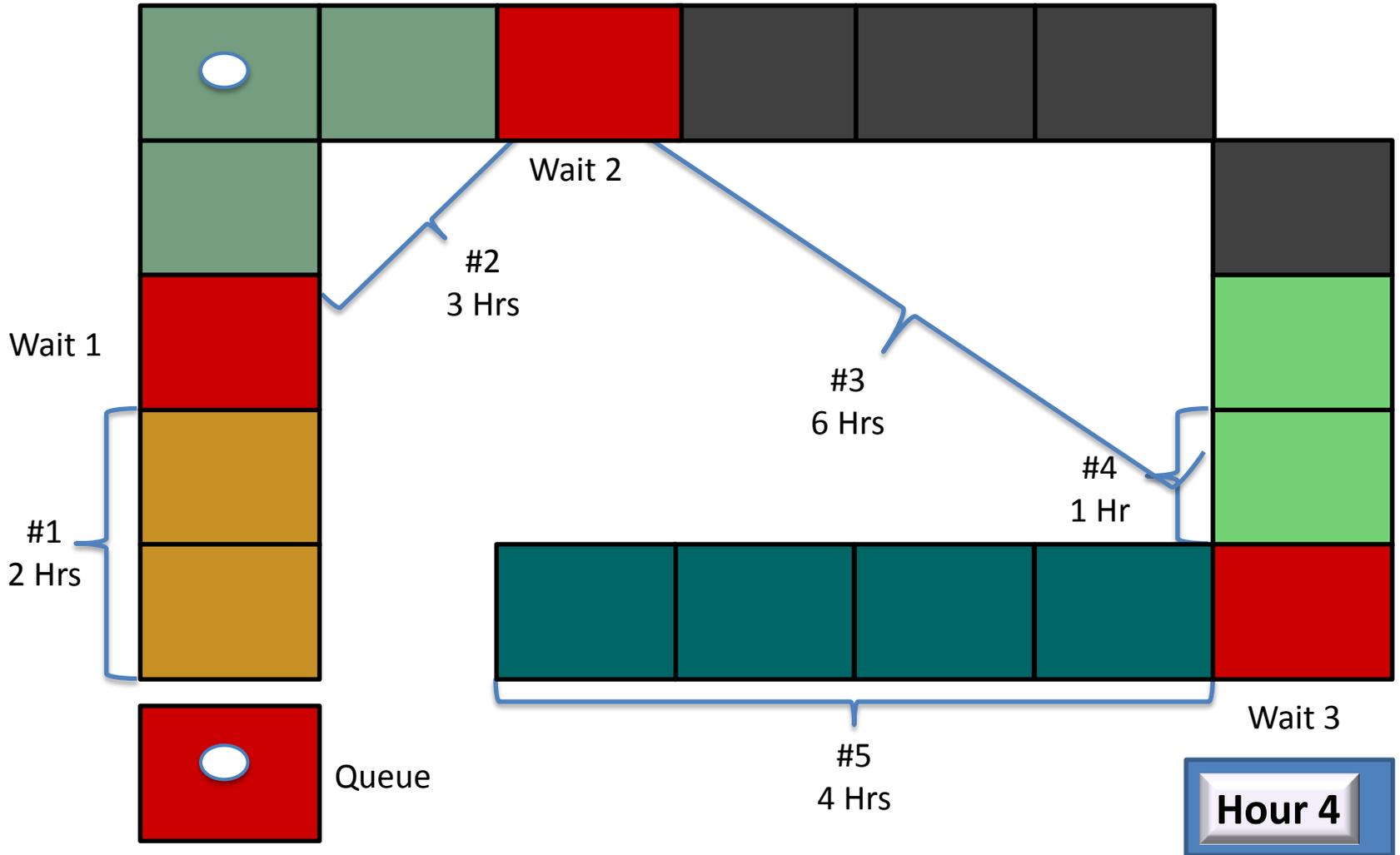


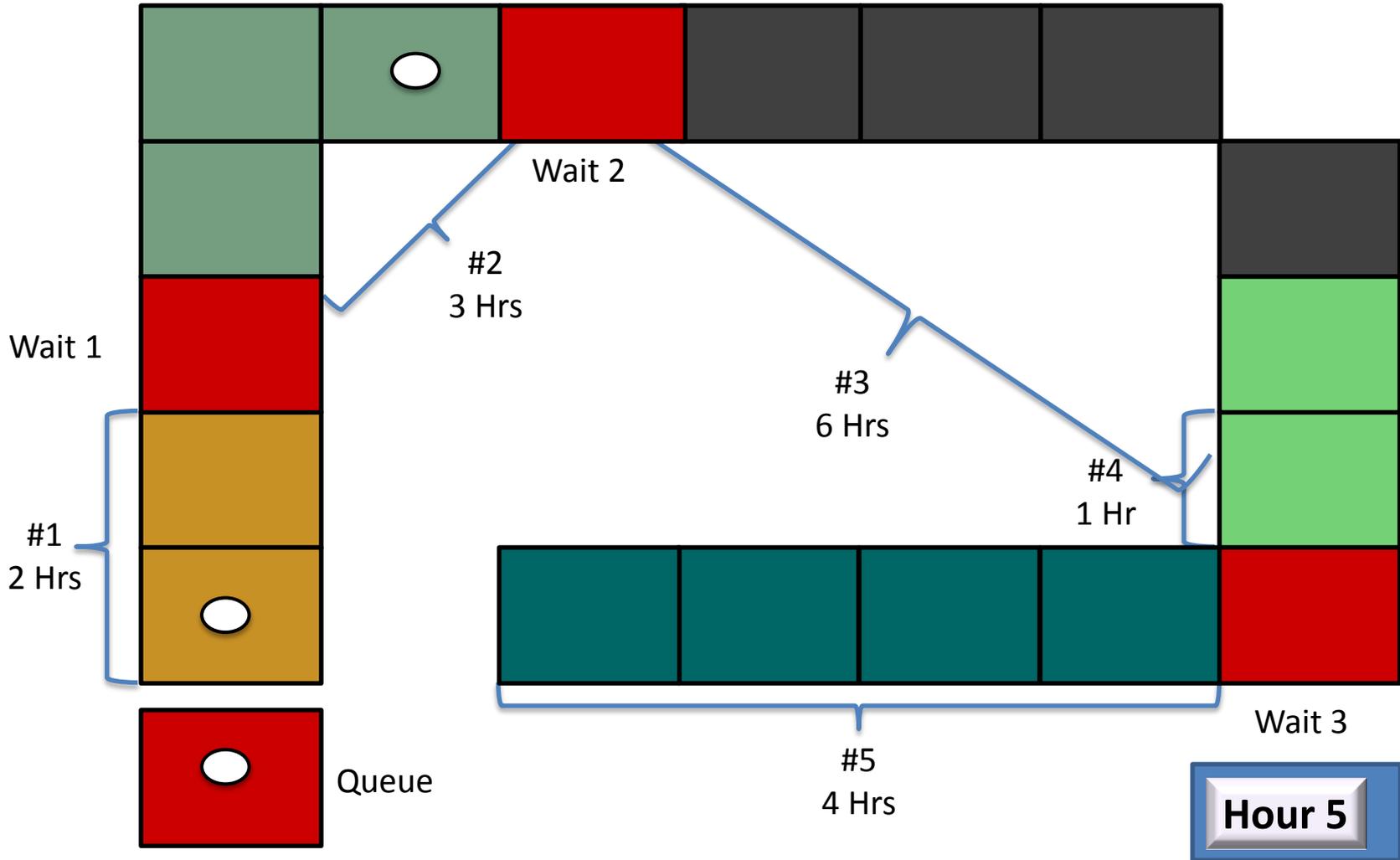


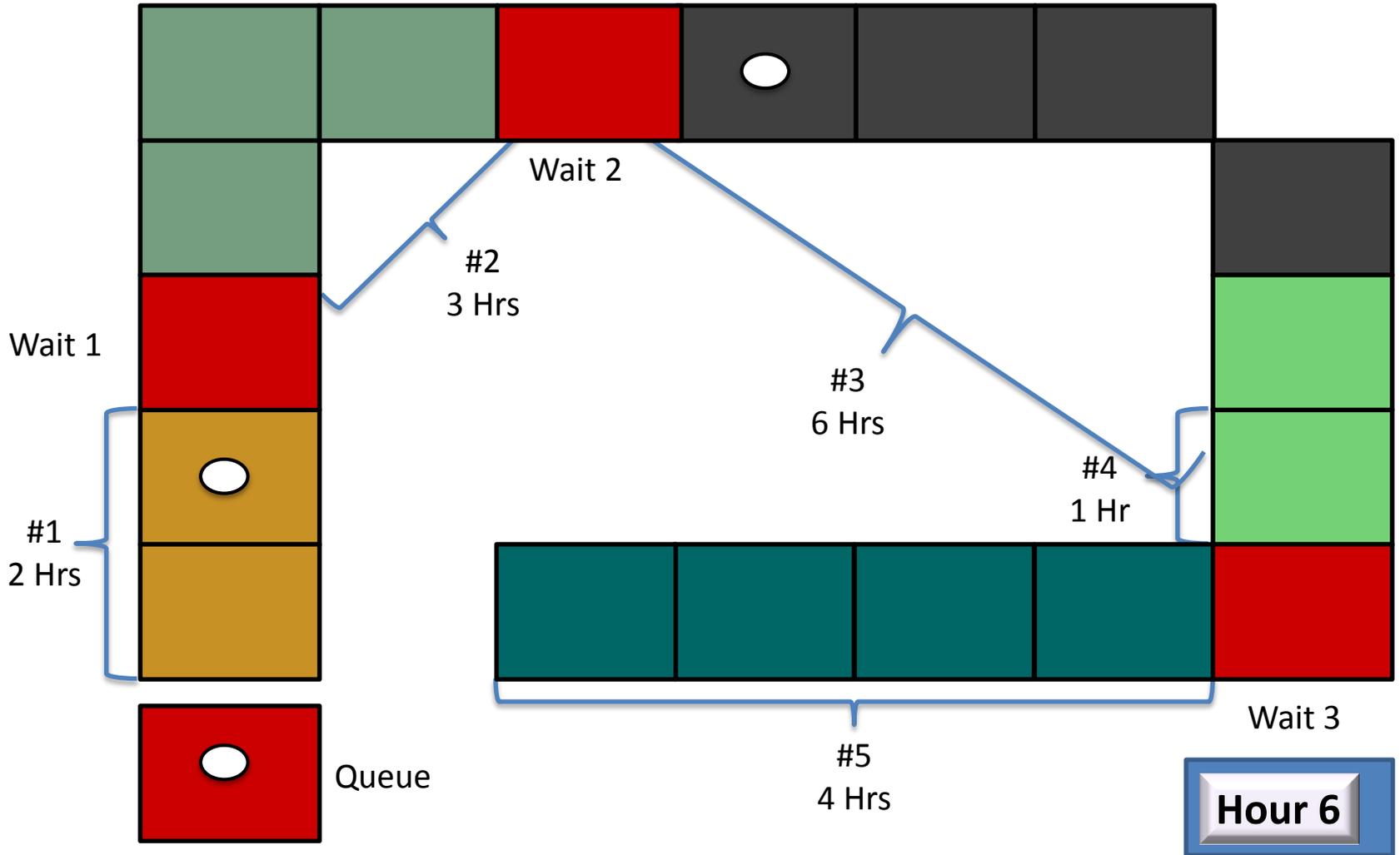


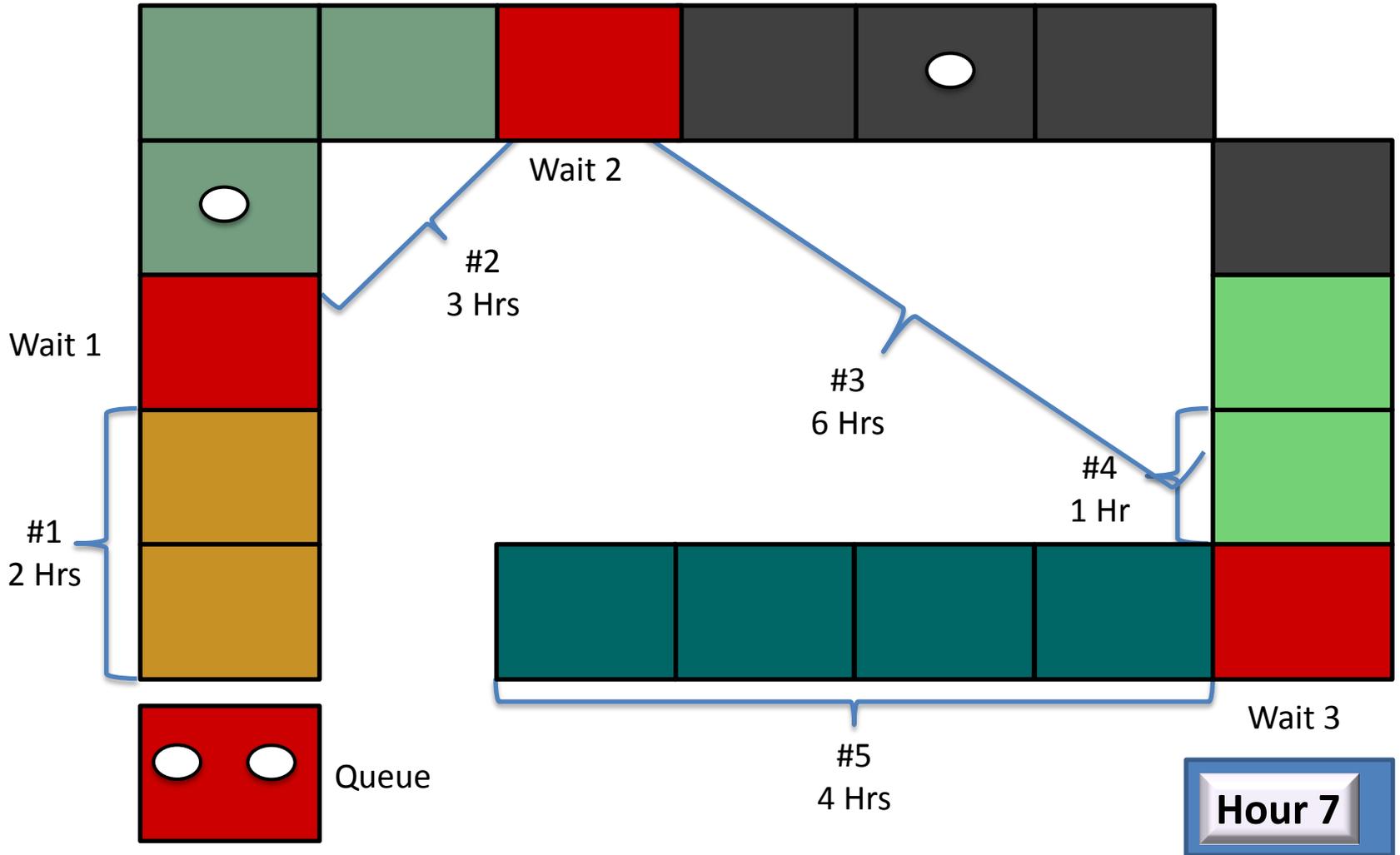
Hour 2

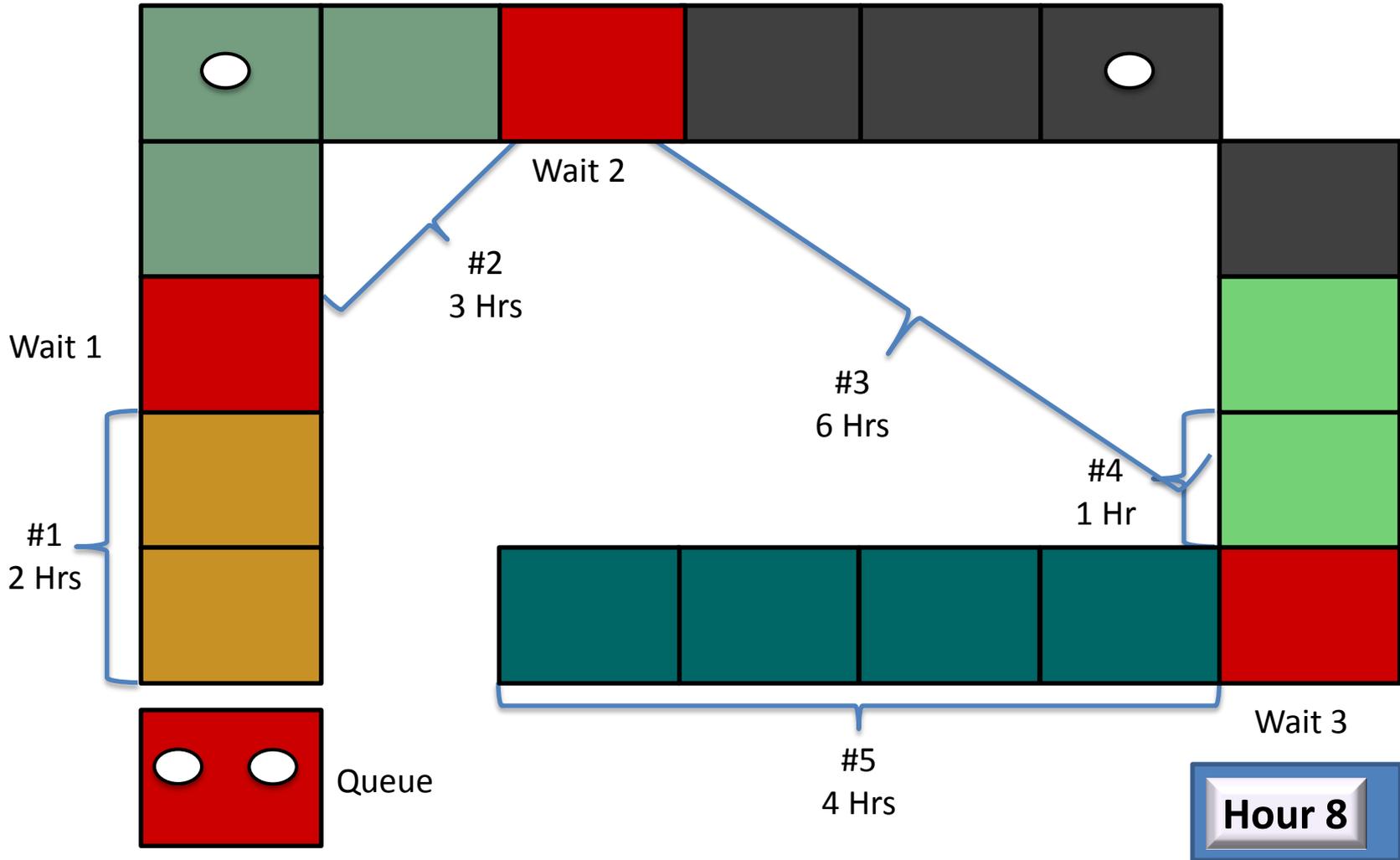


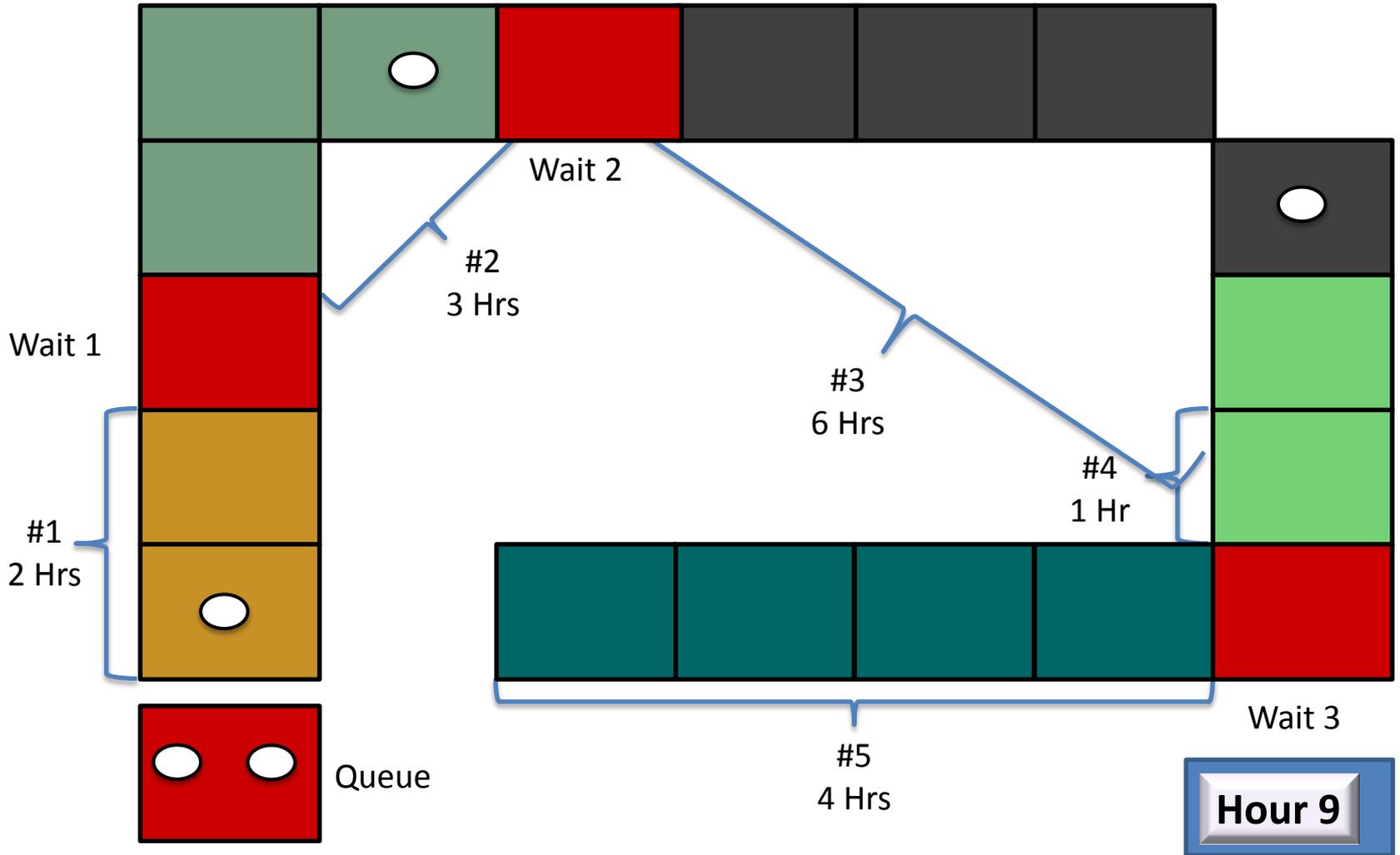


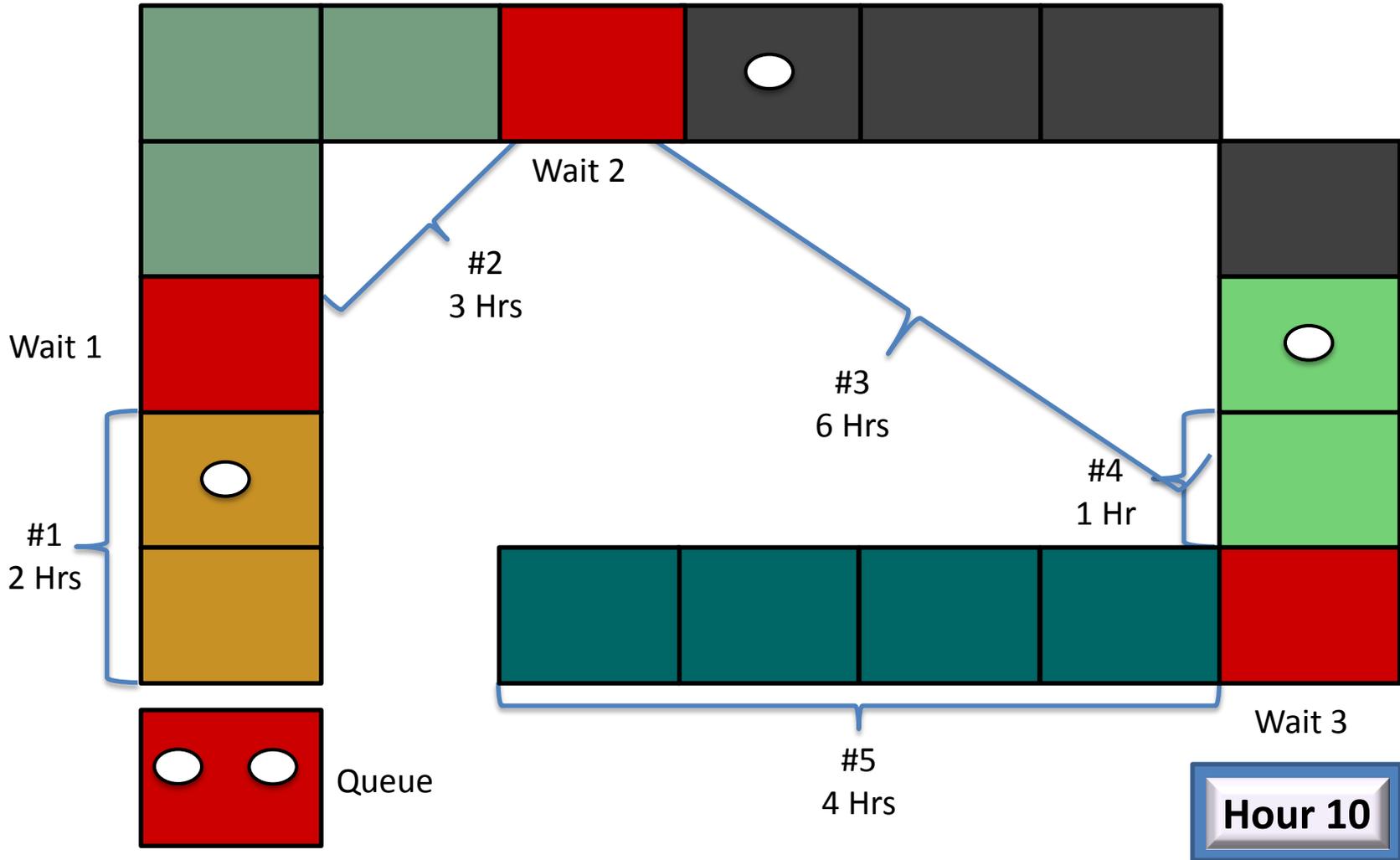




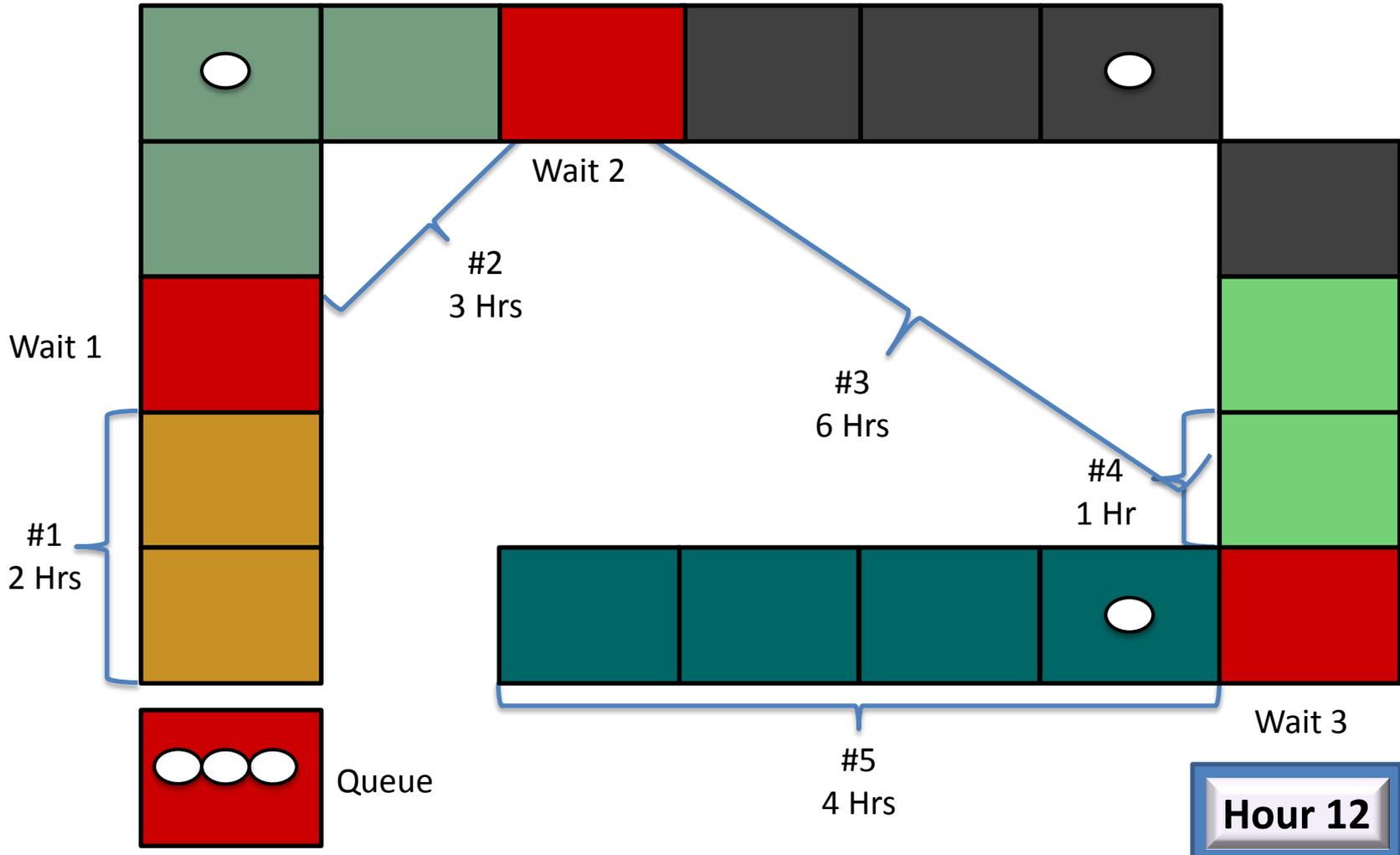


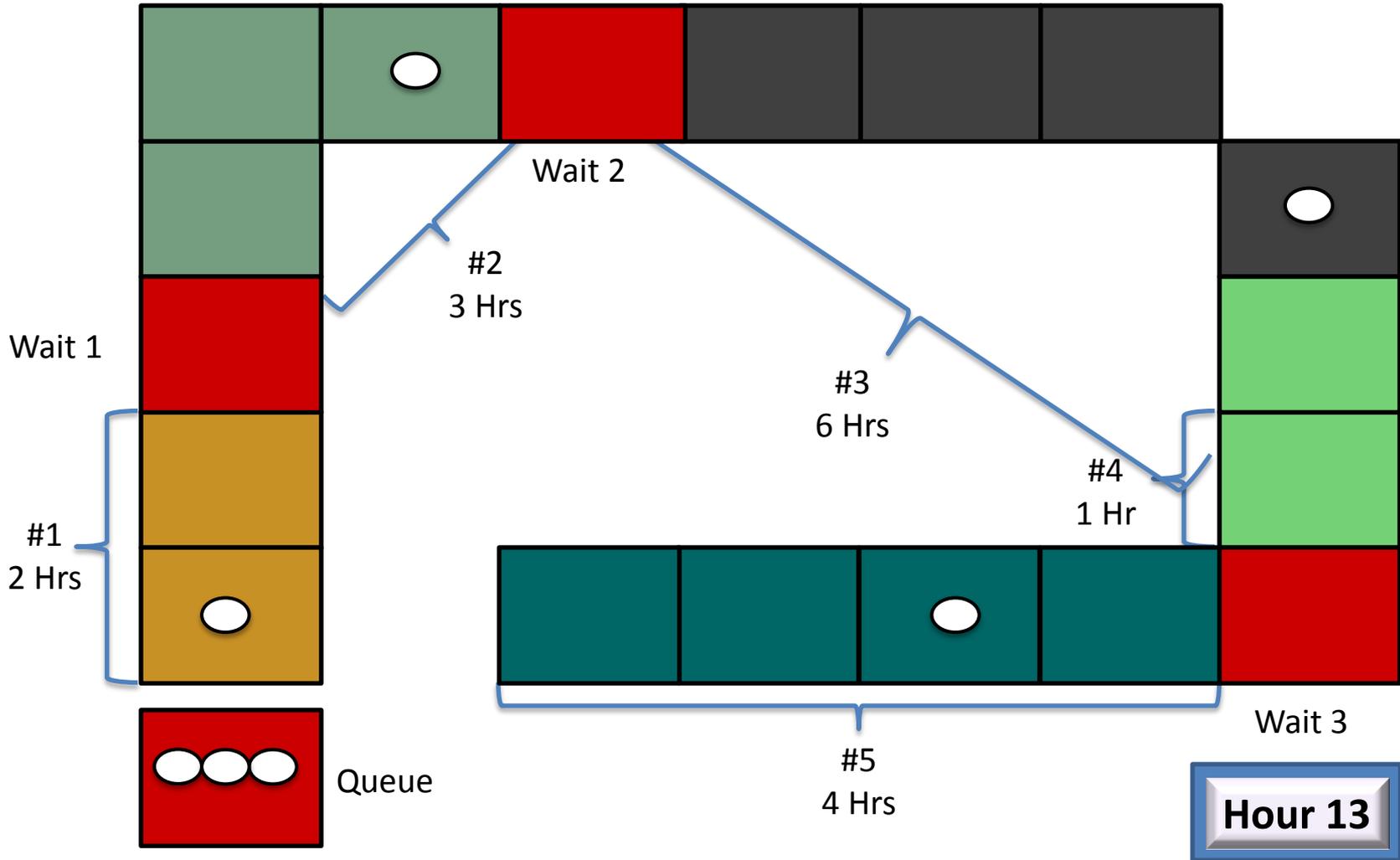




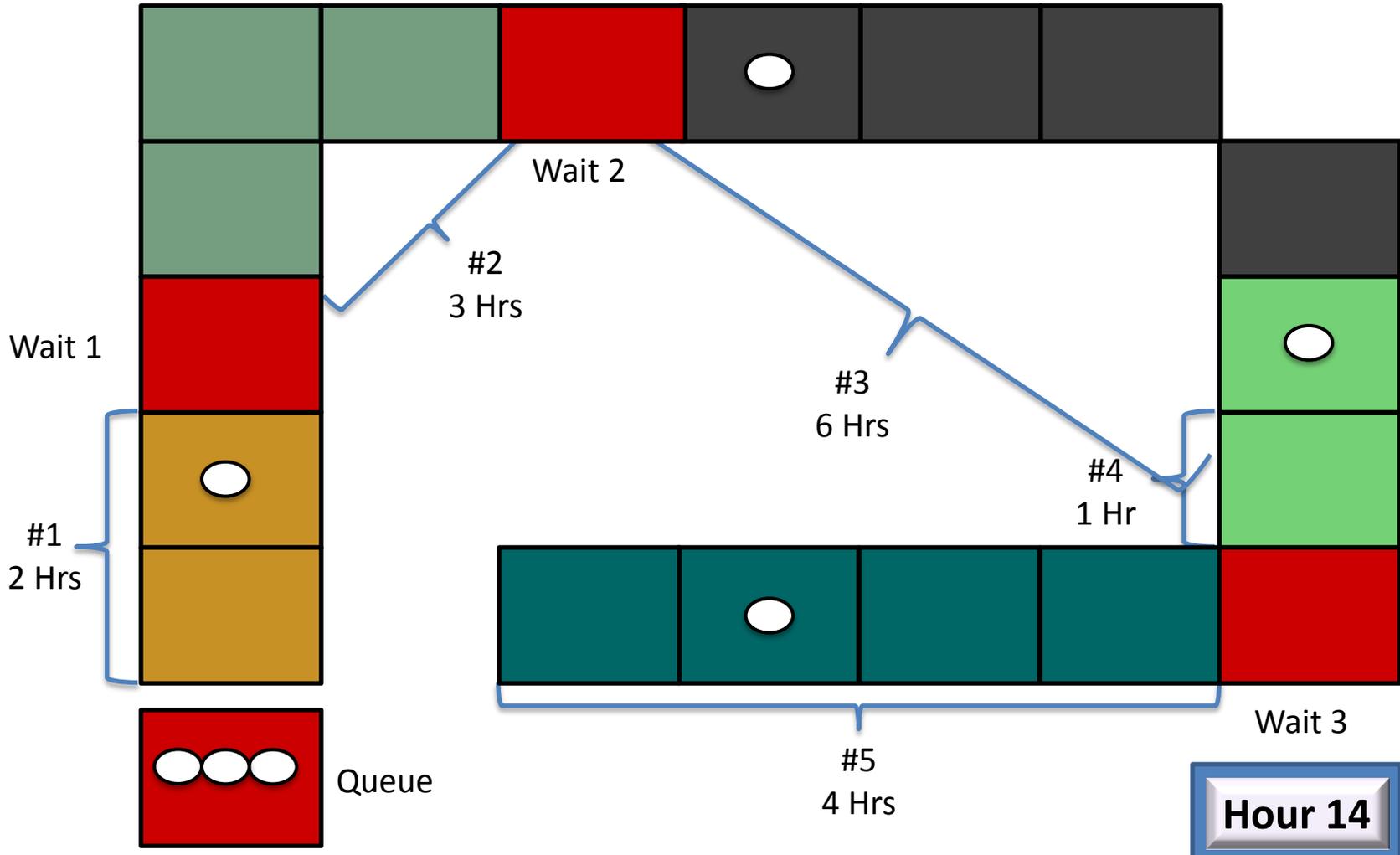


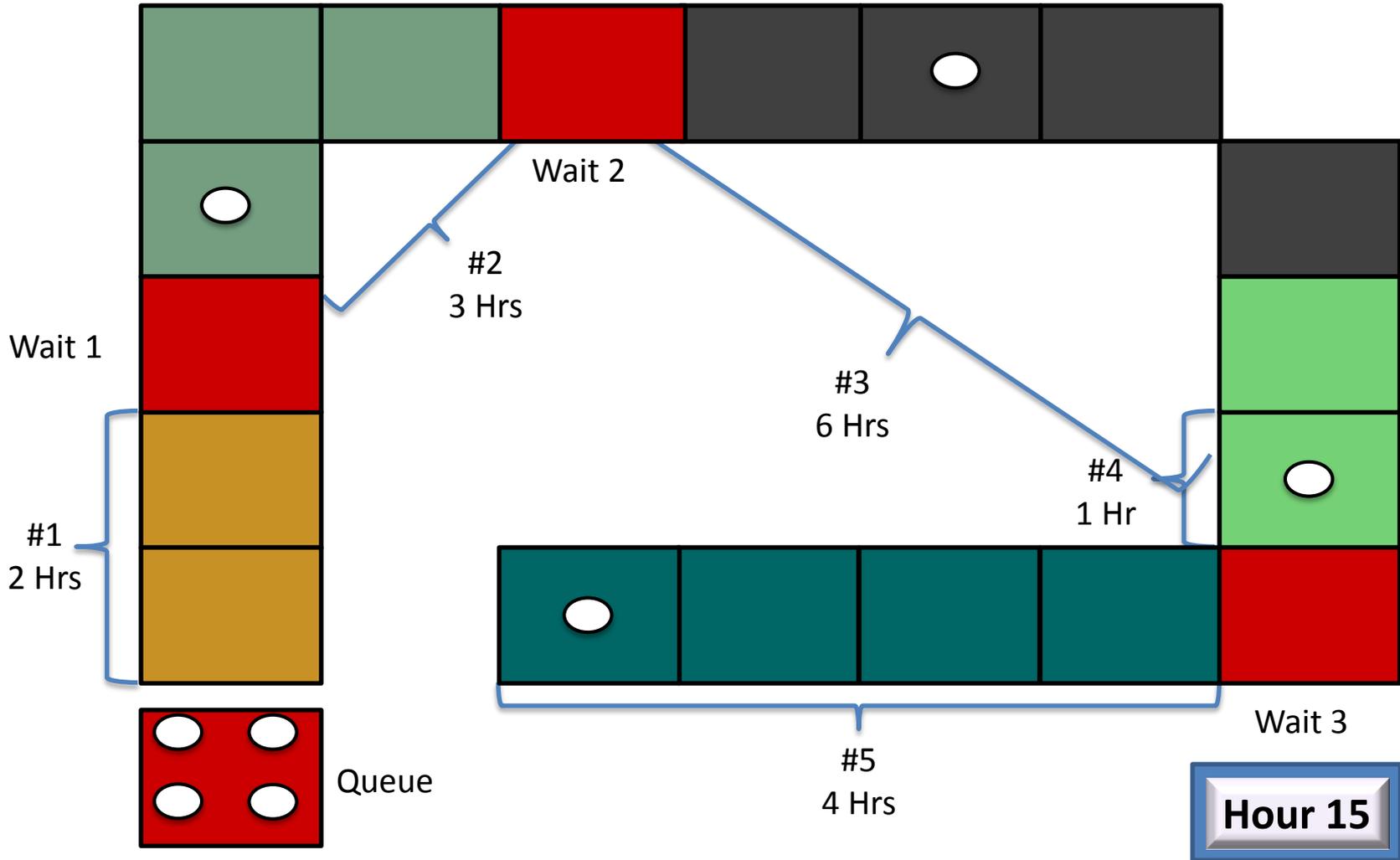




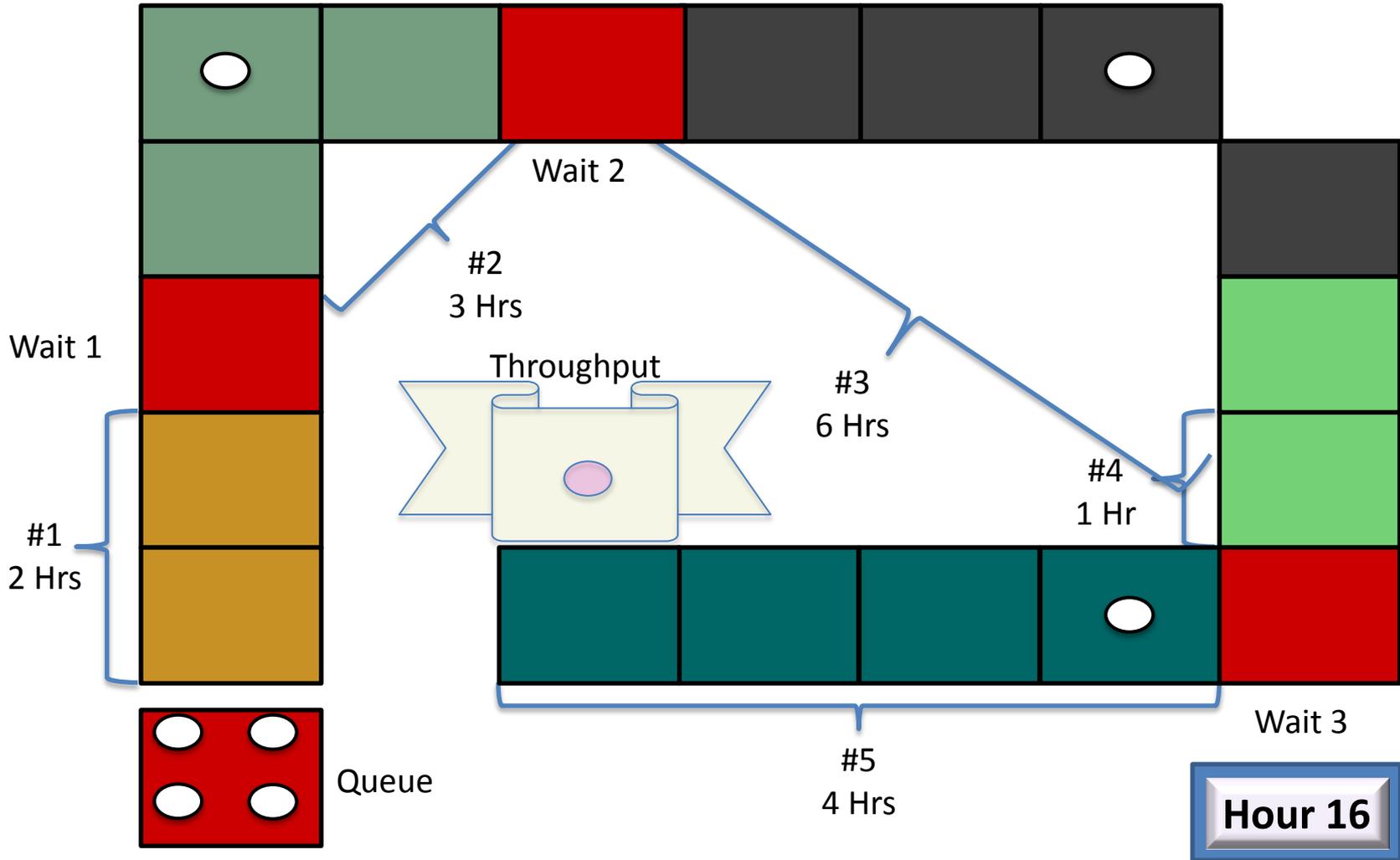


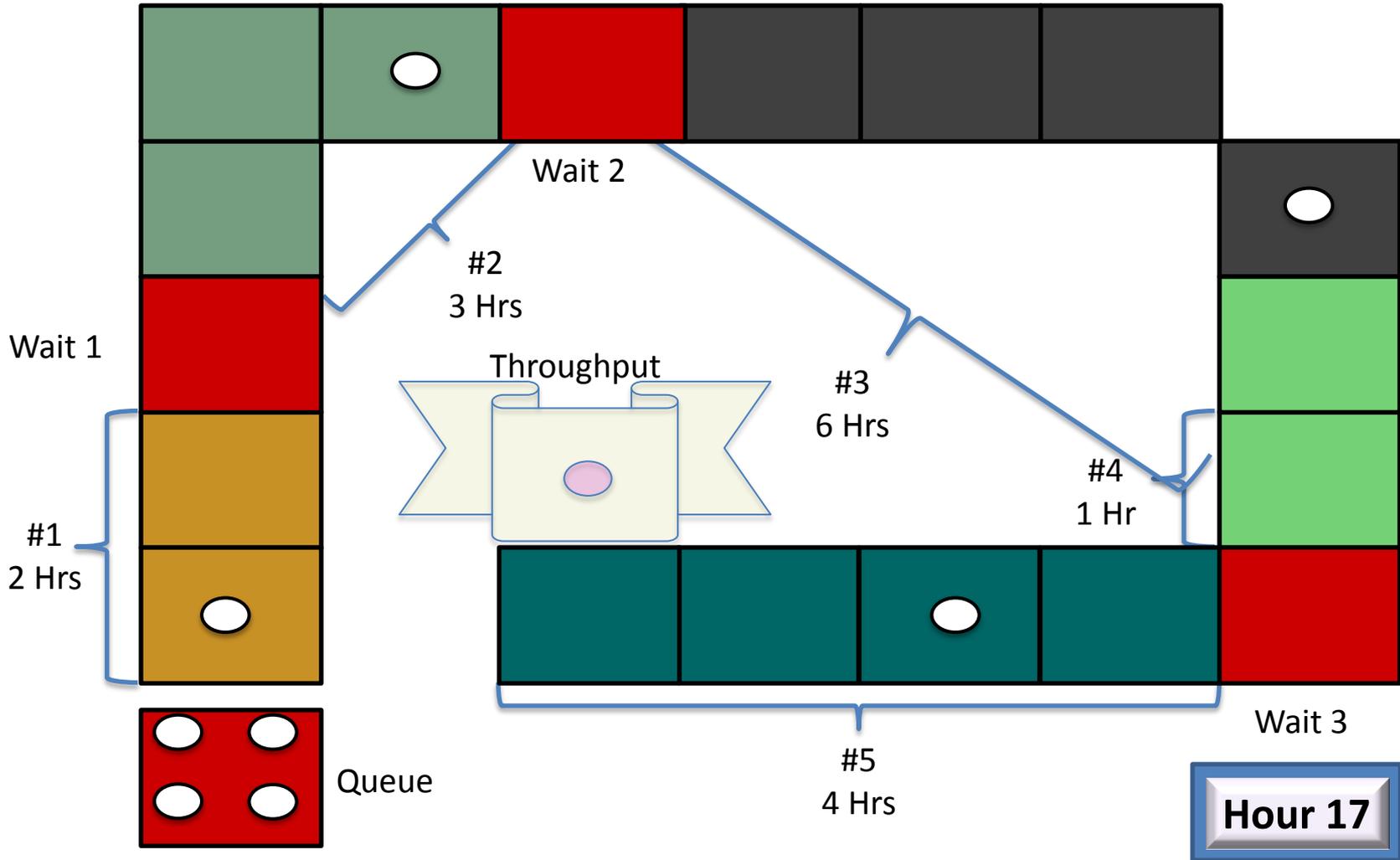
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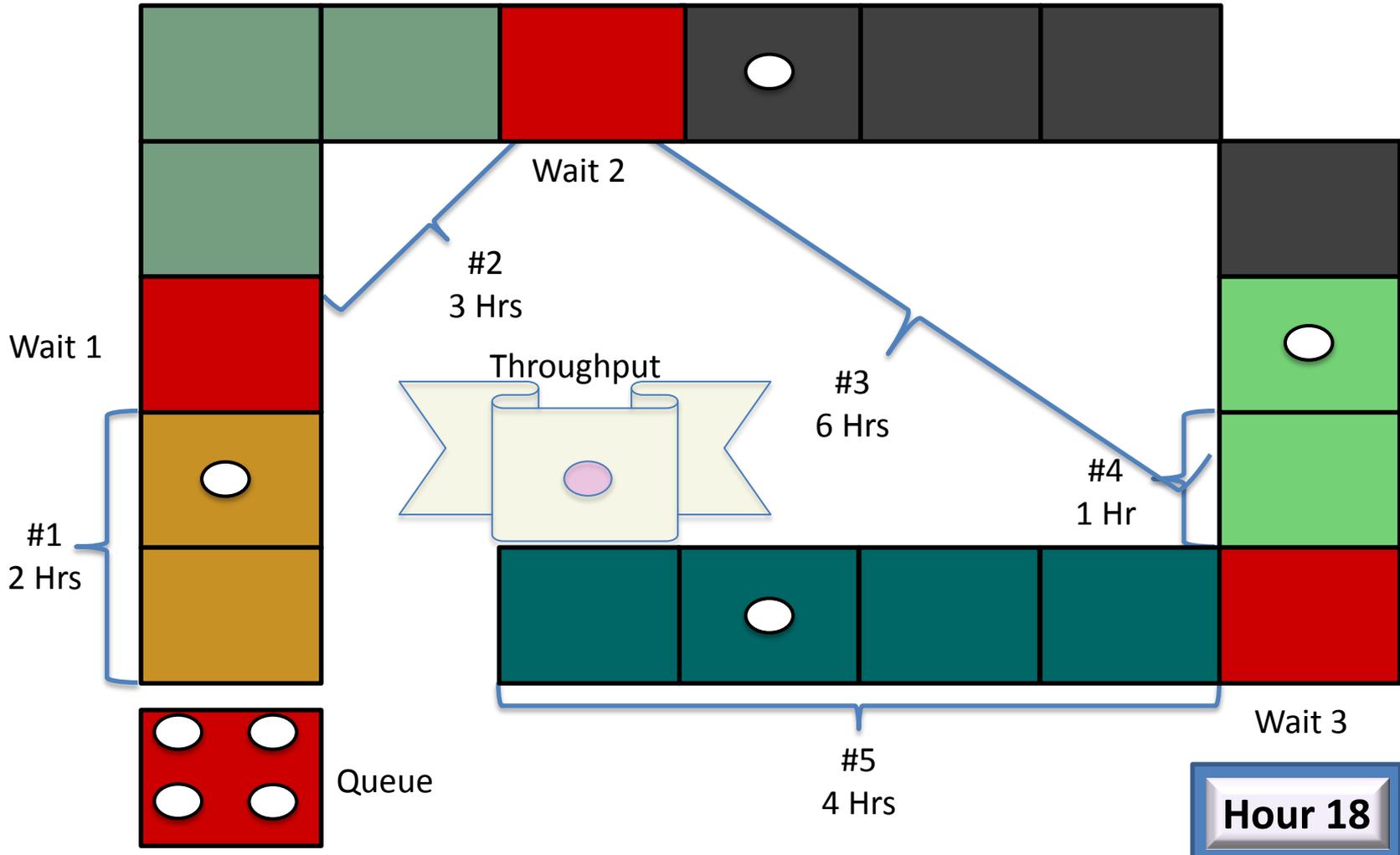


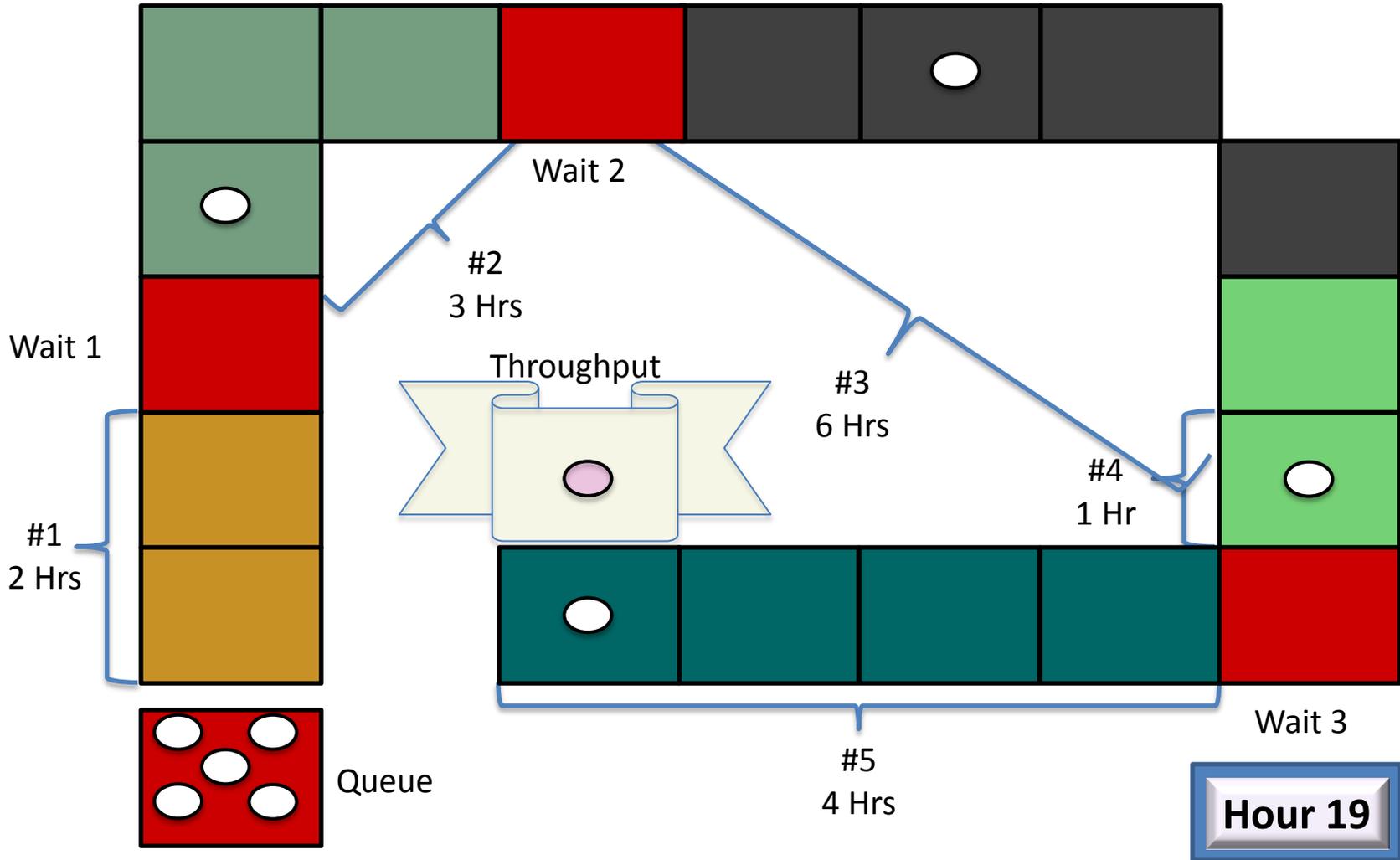


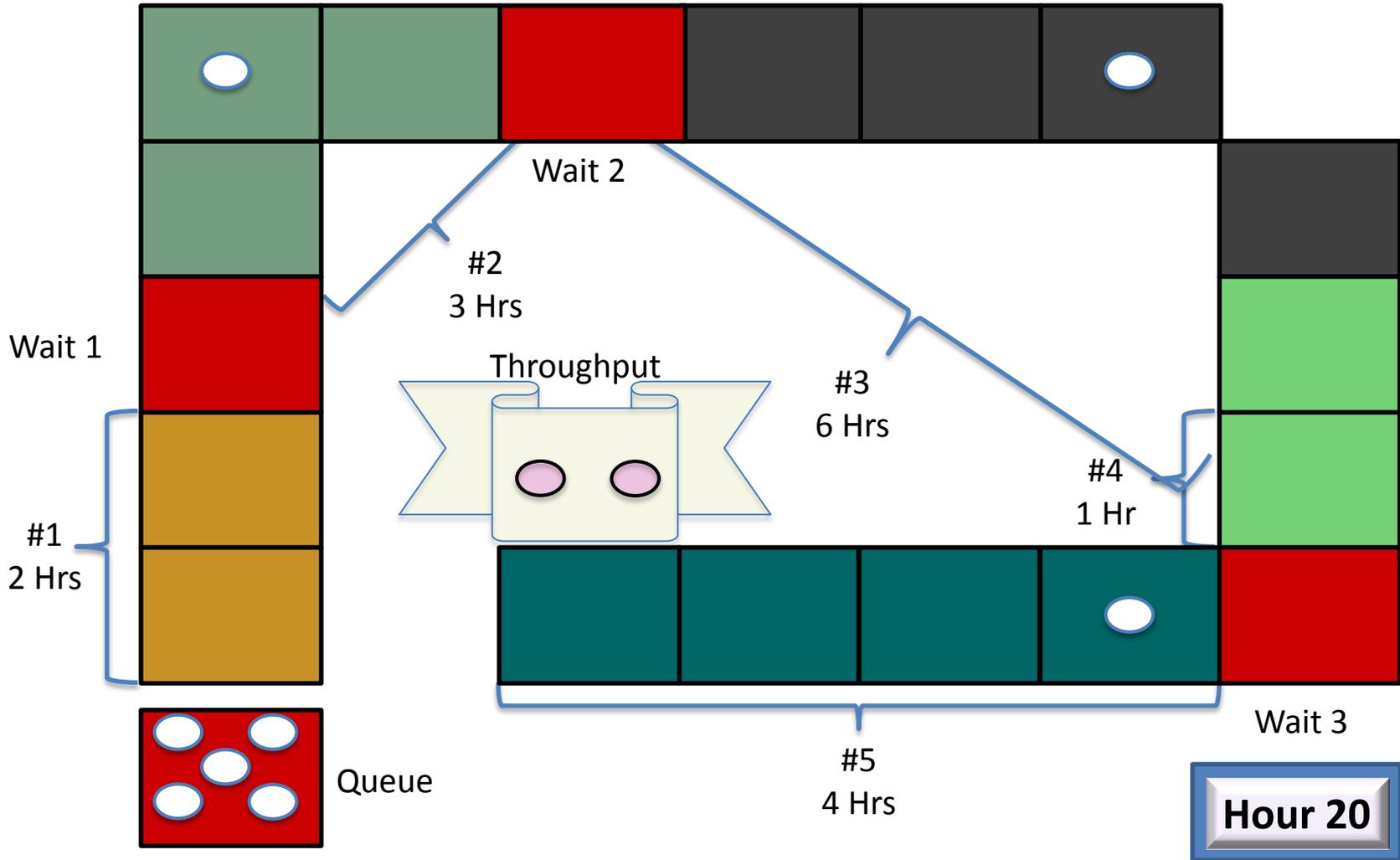
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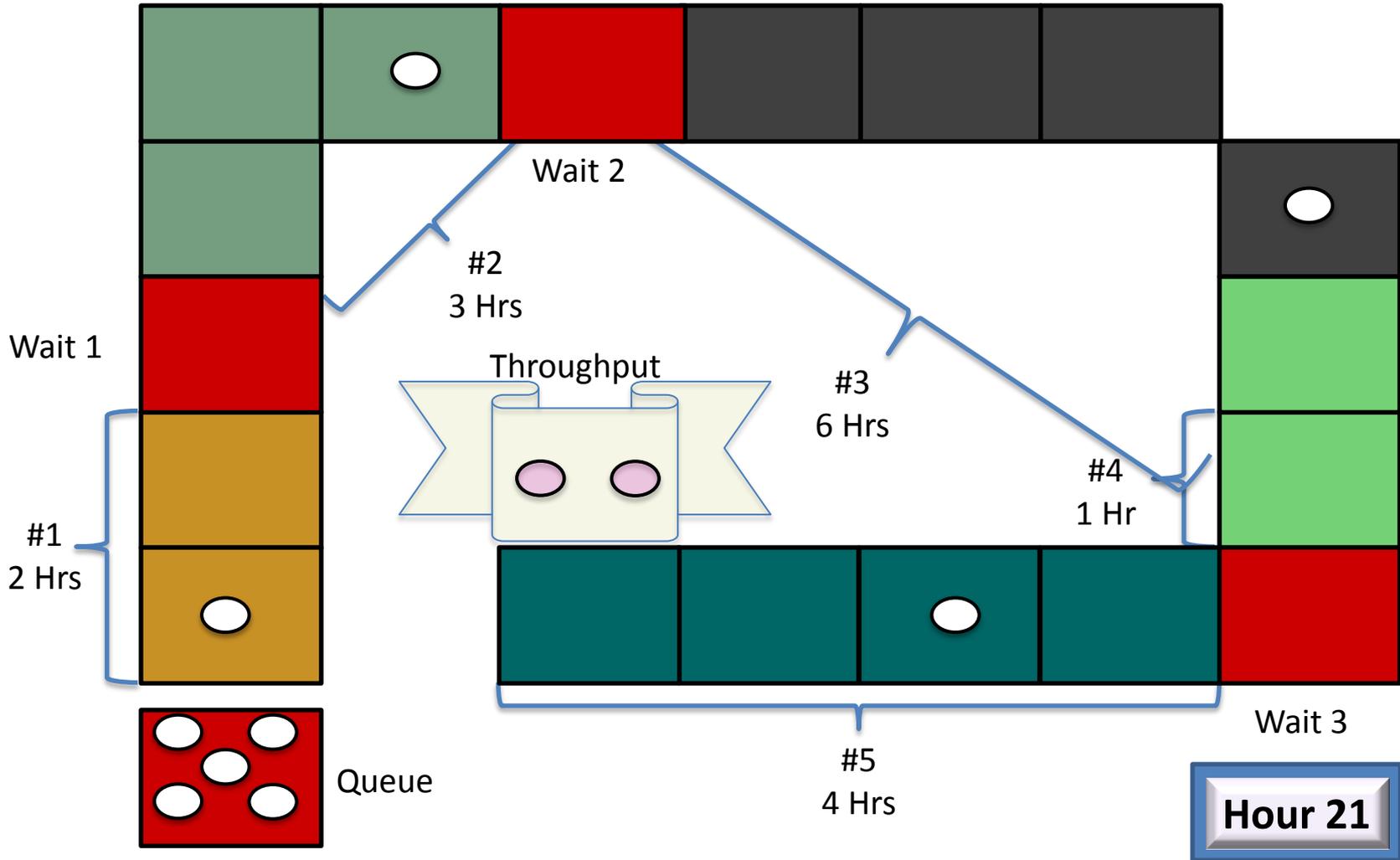


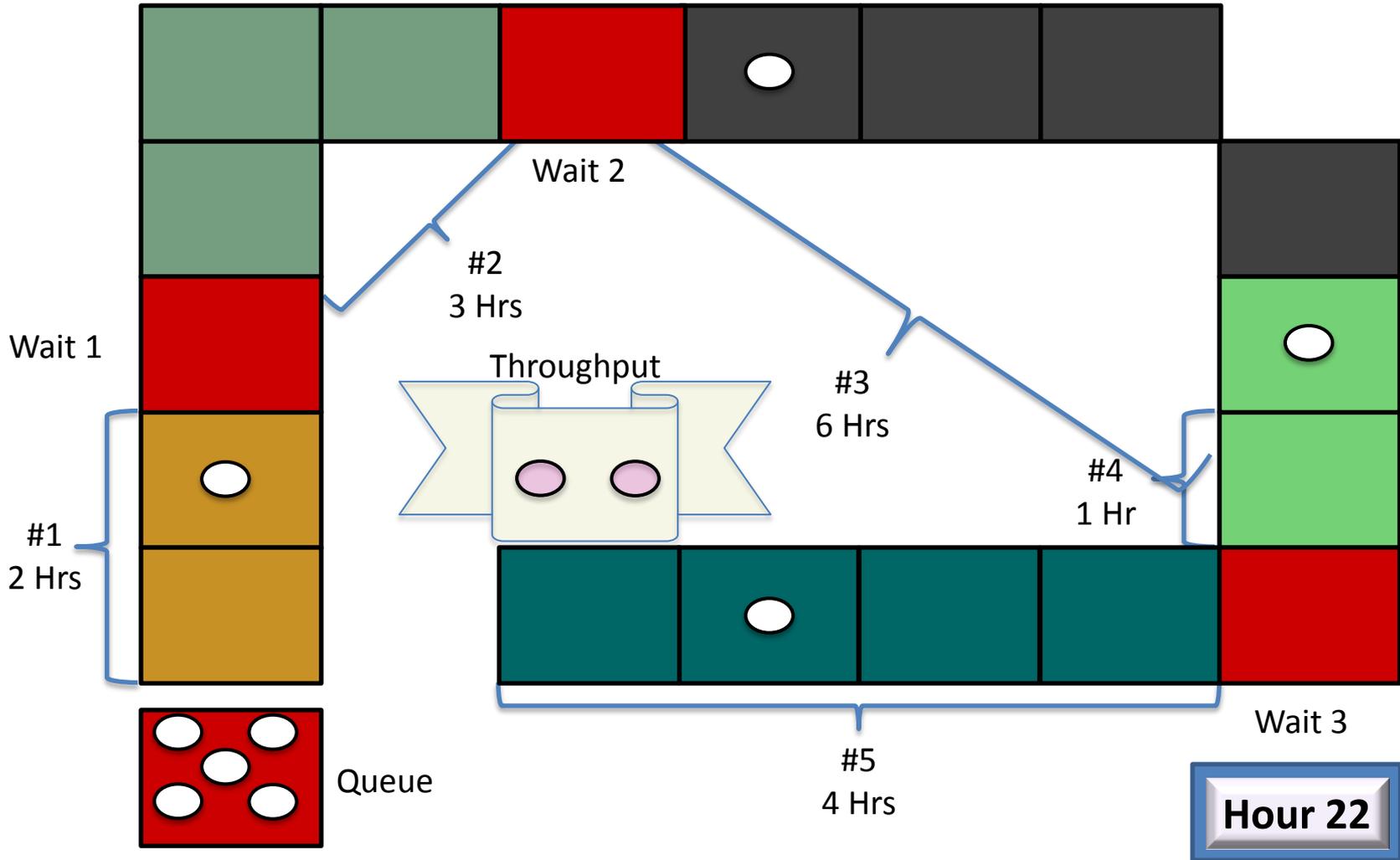


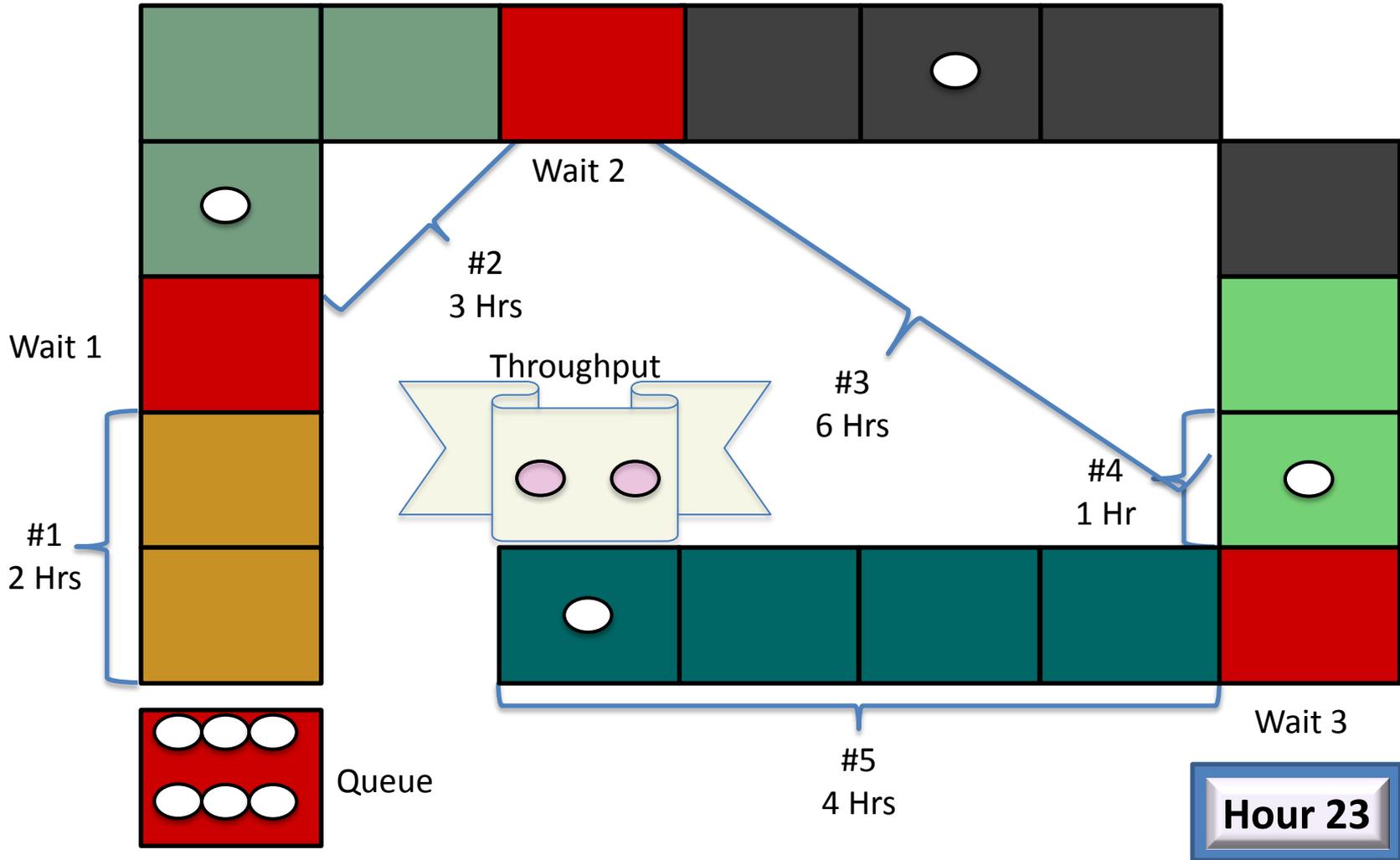


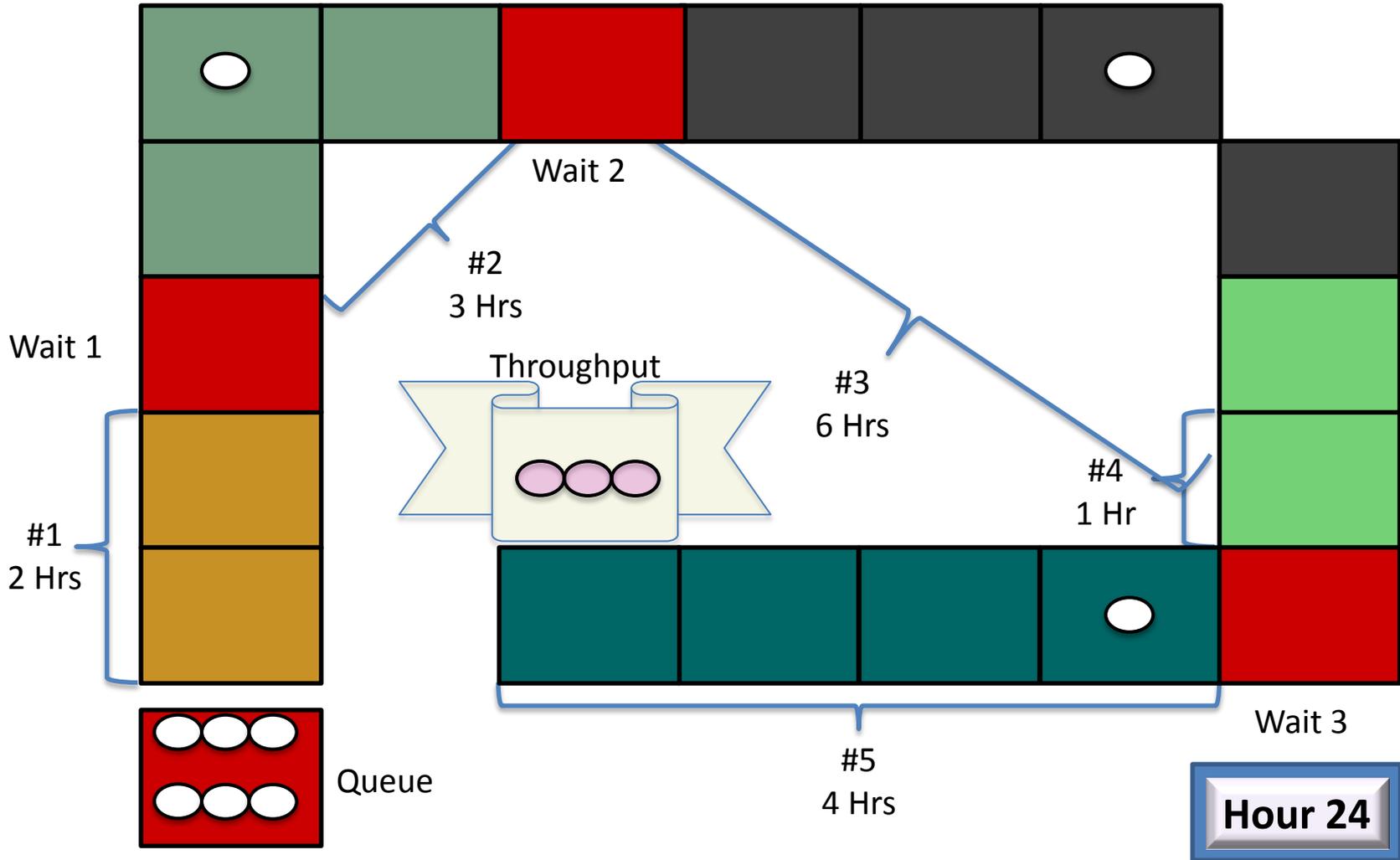


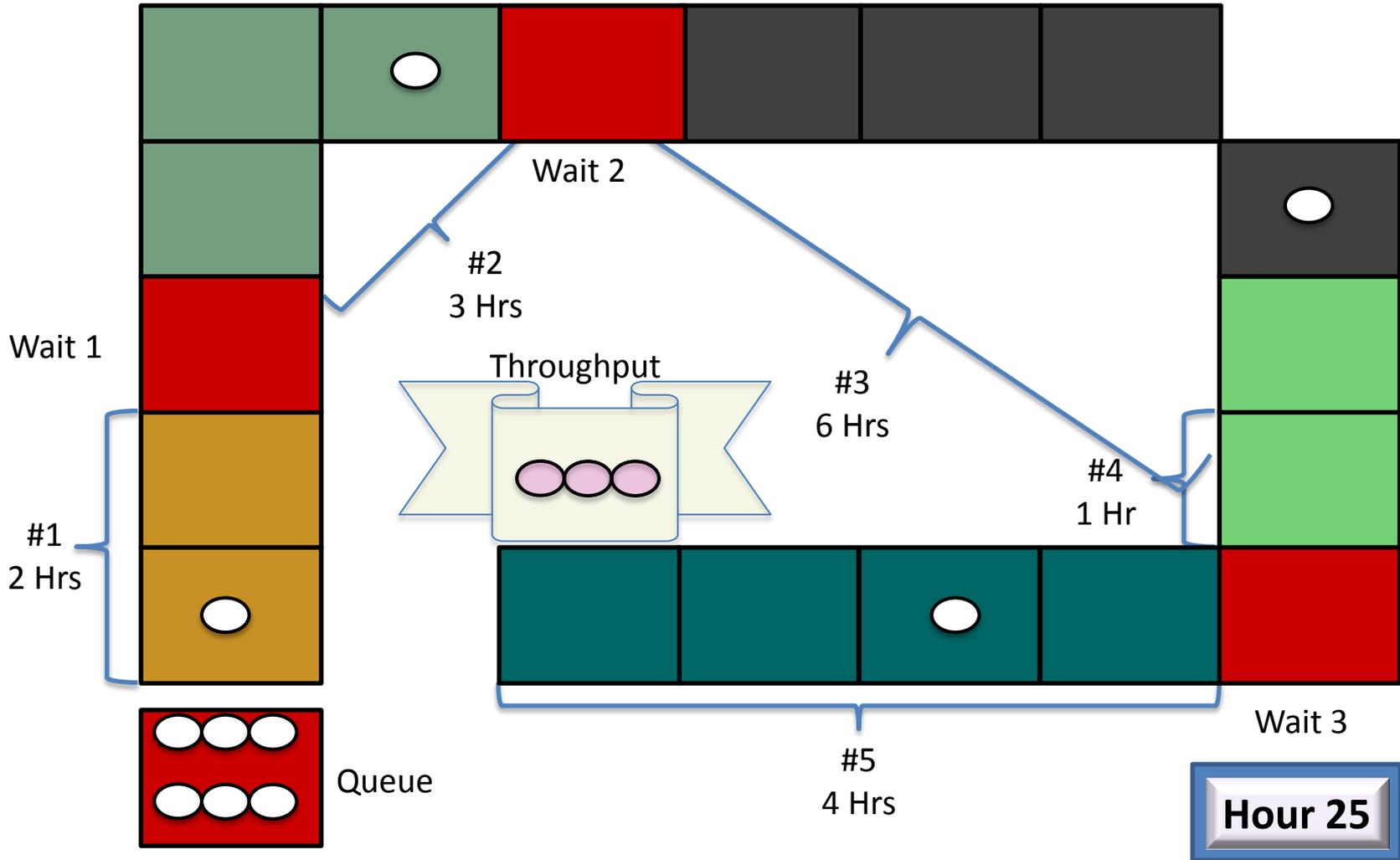


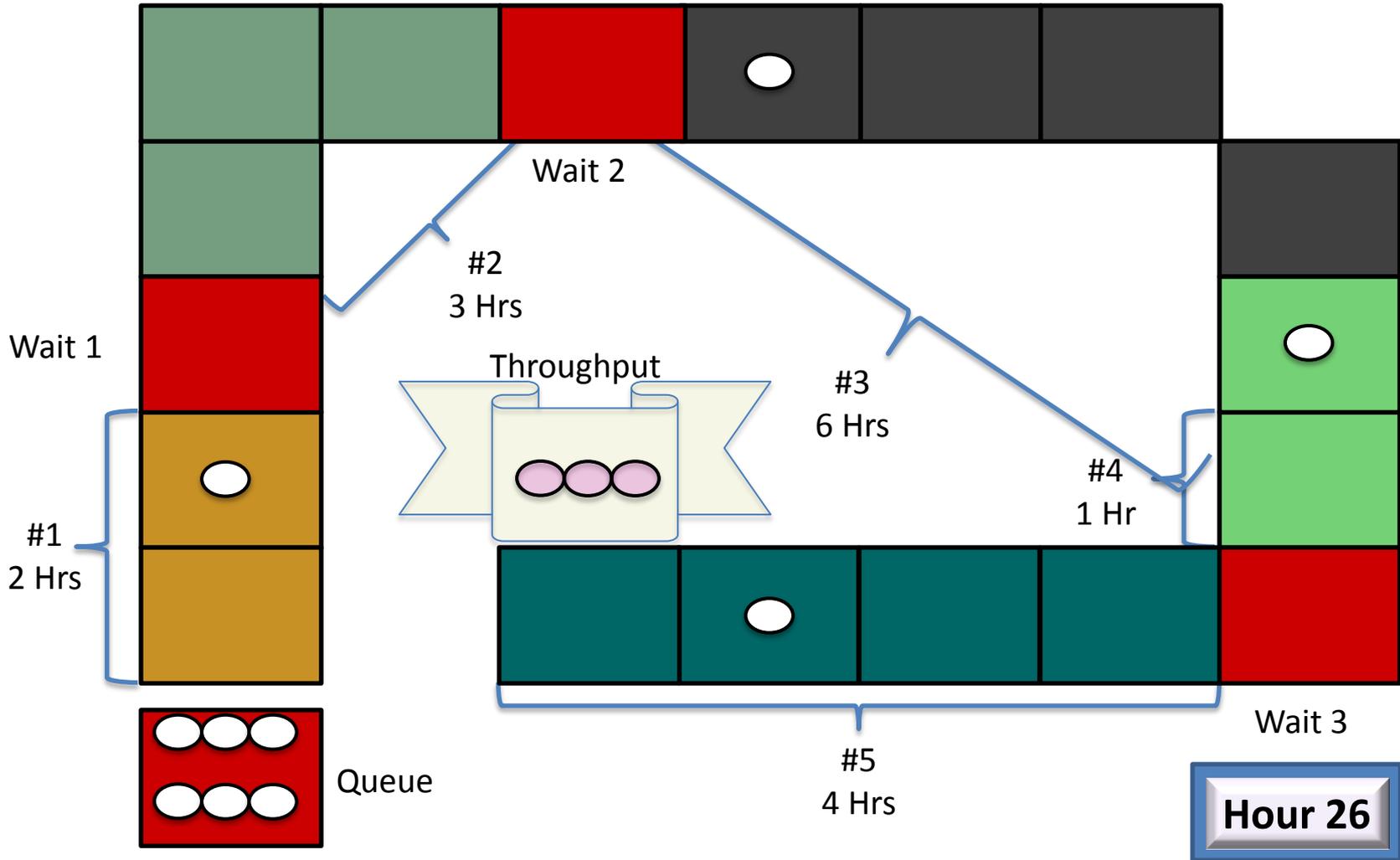


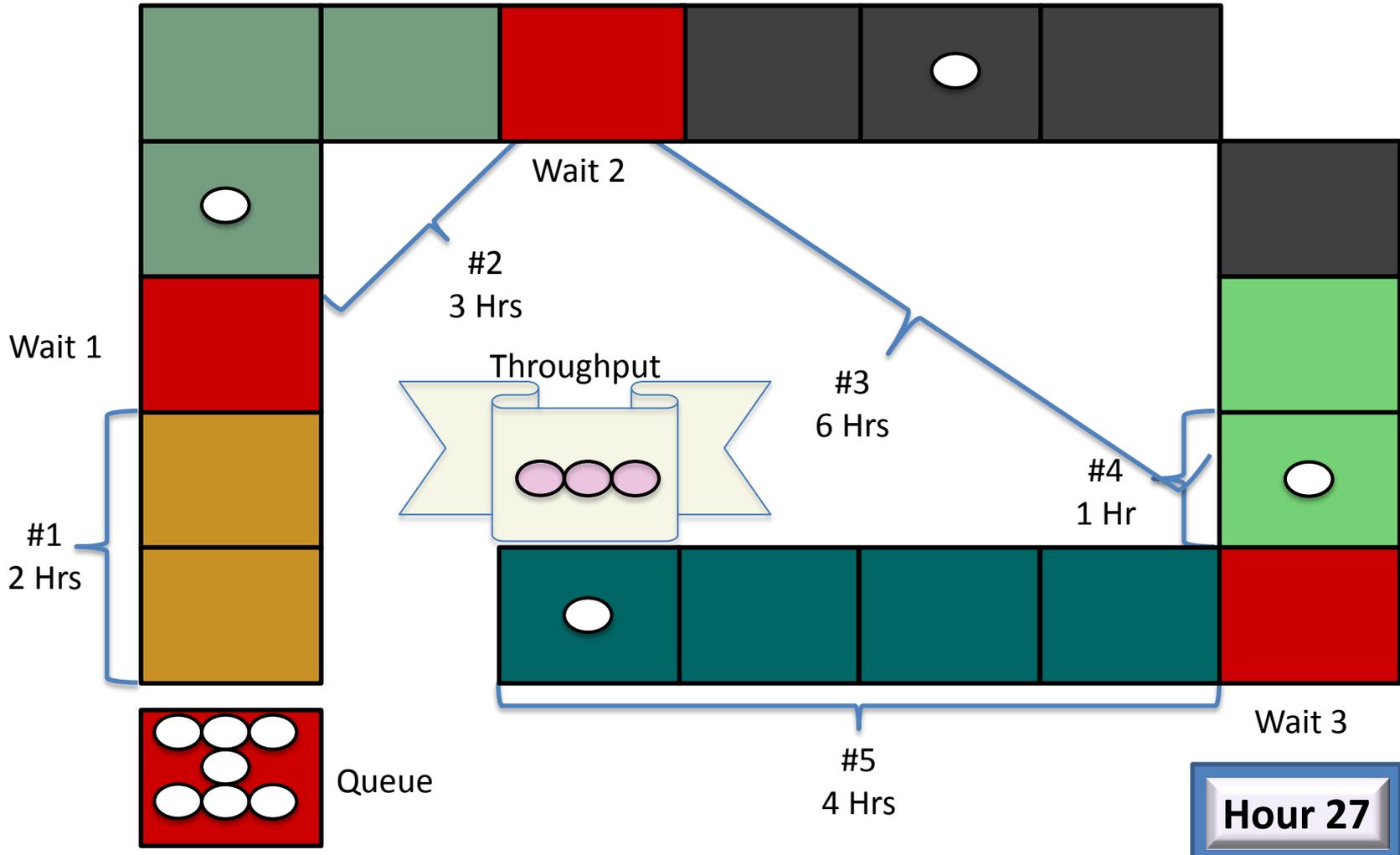


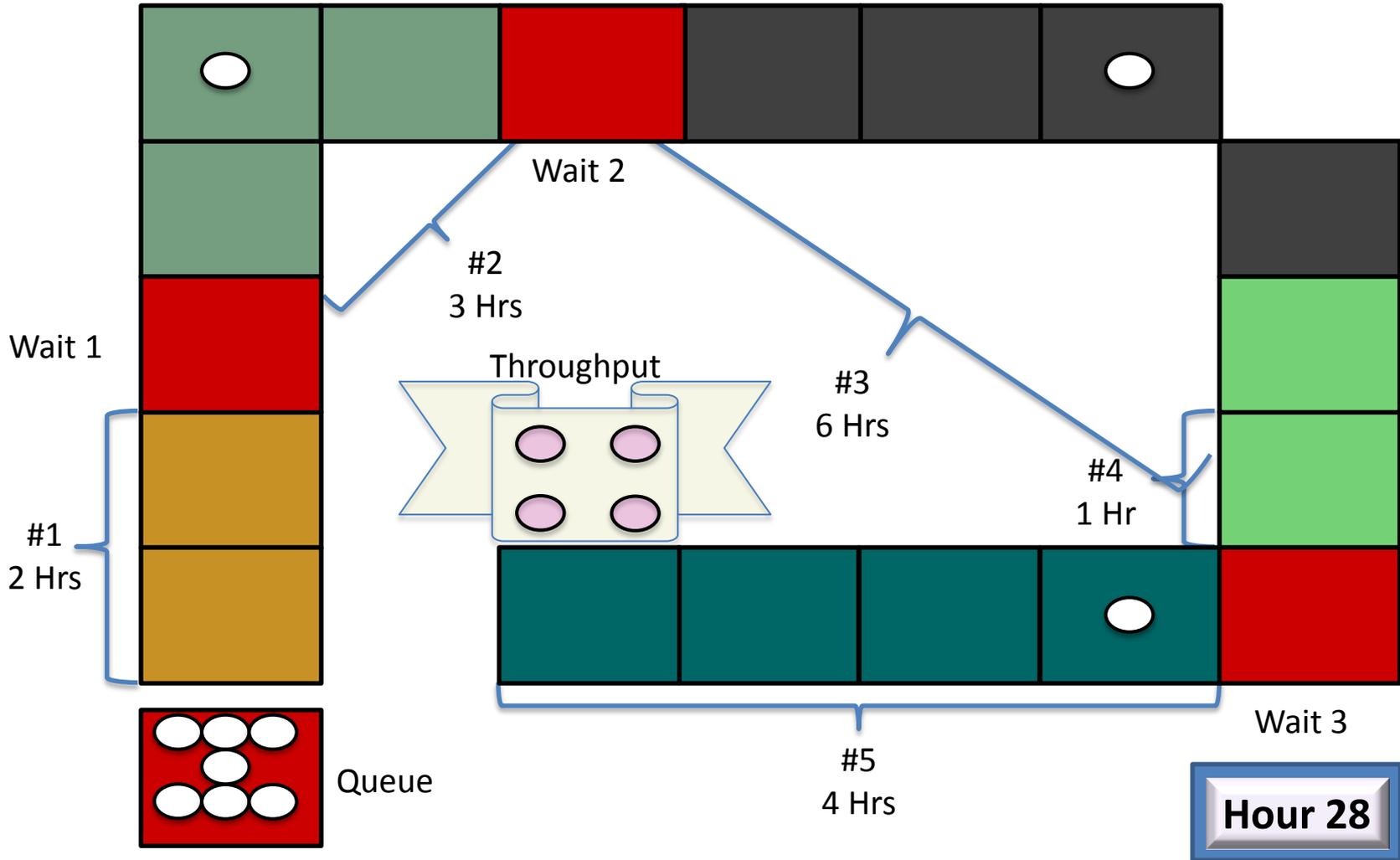


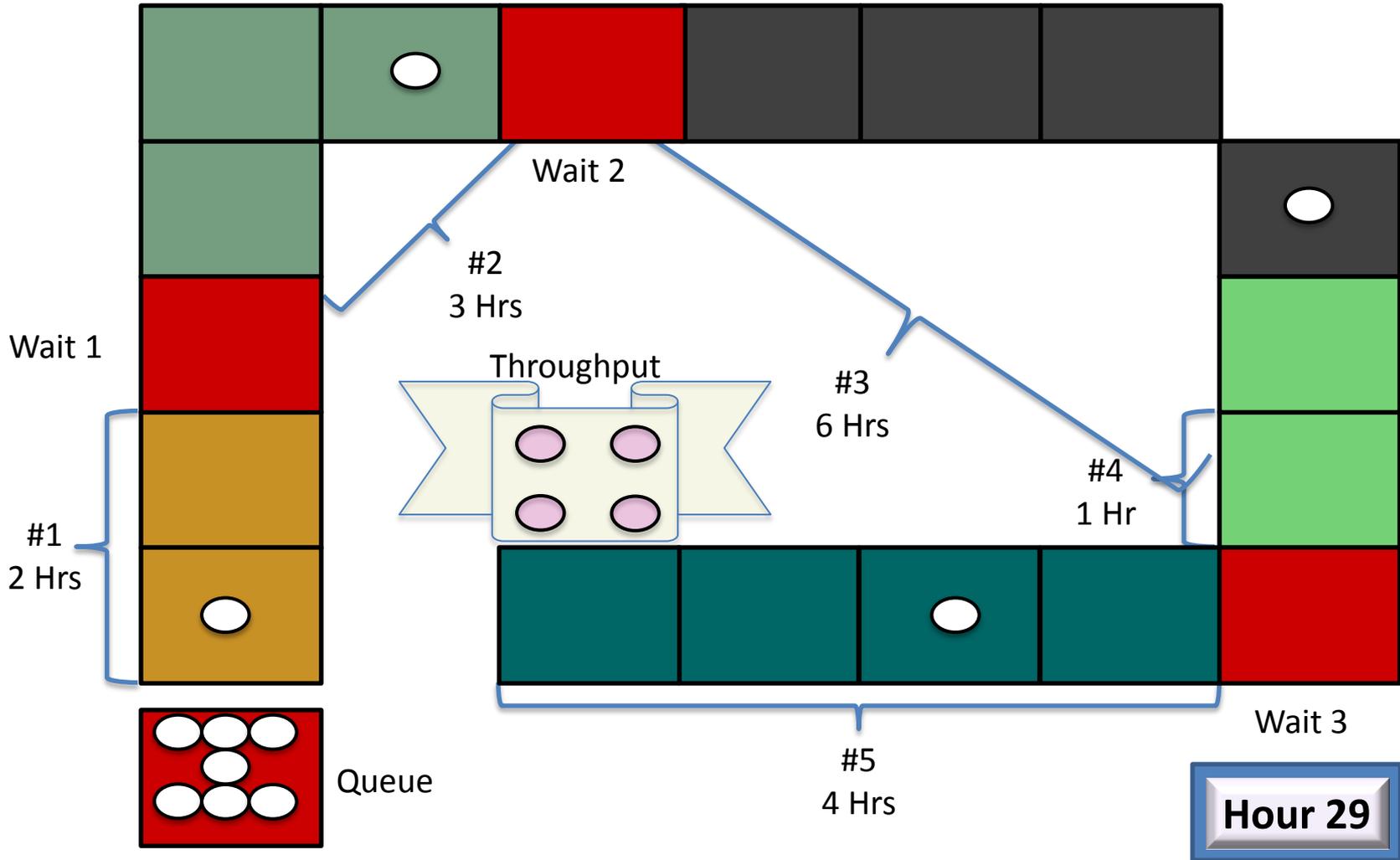


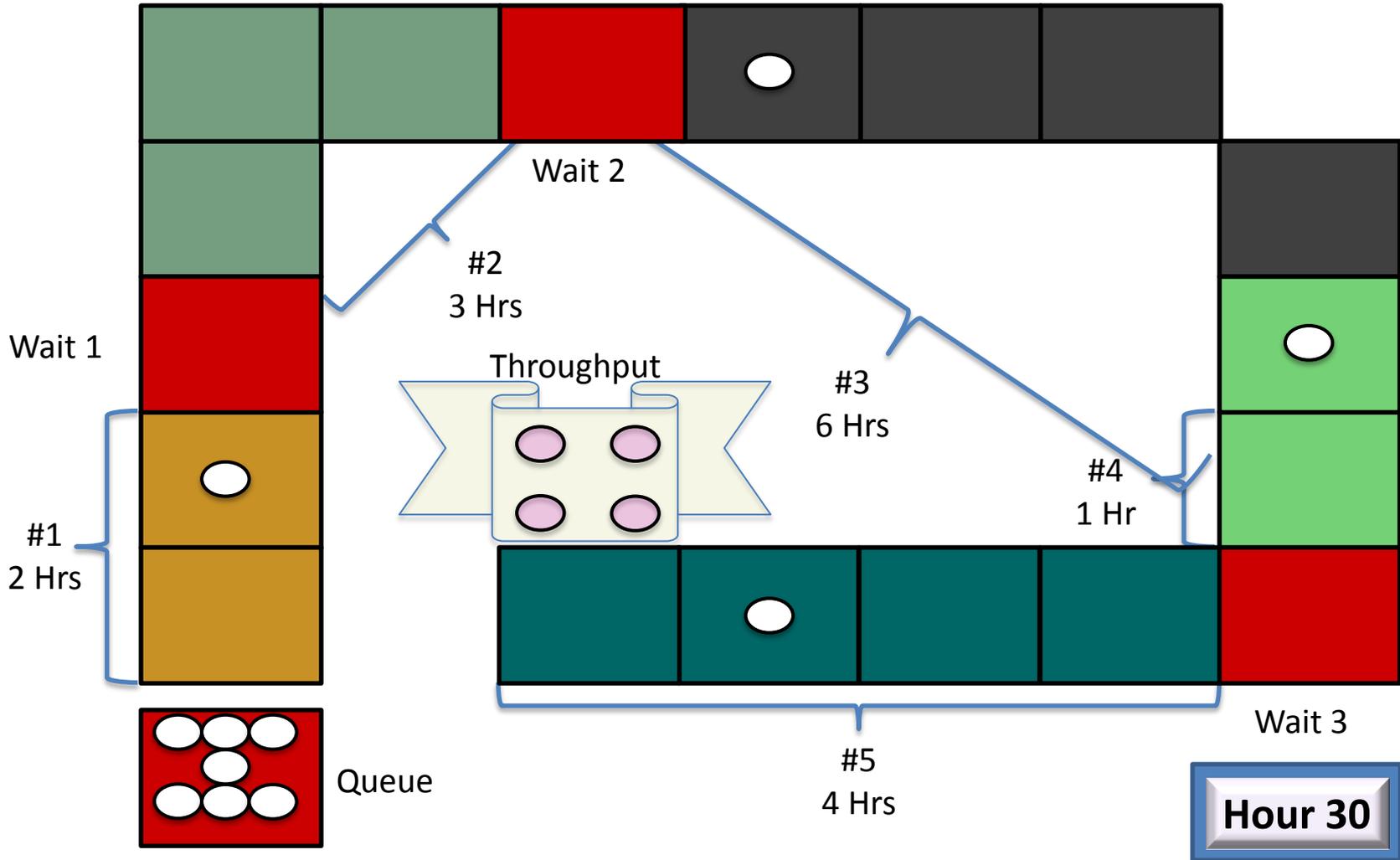


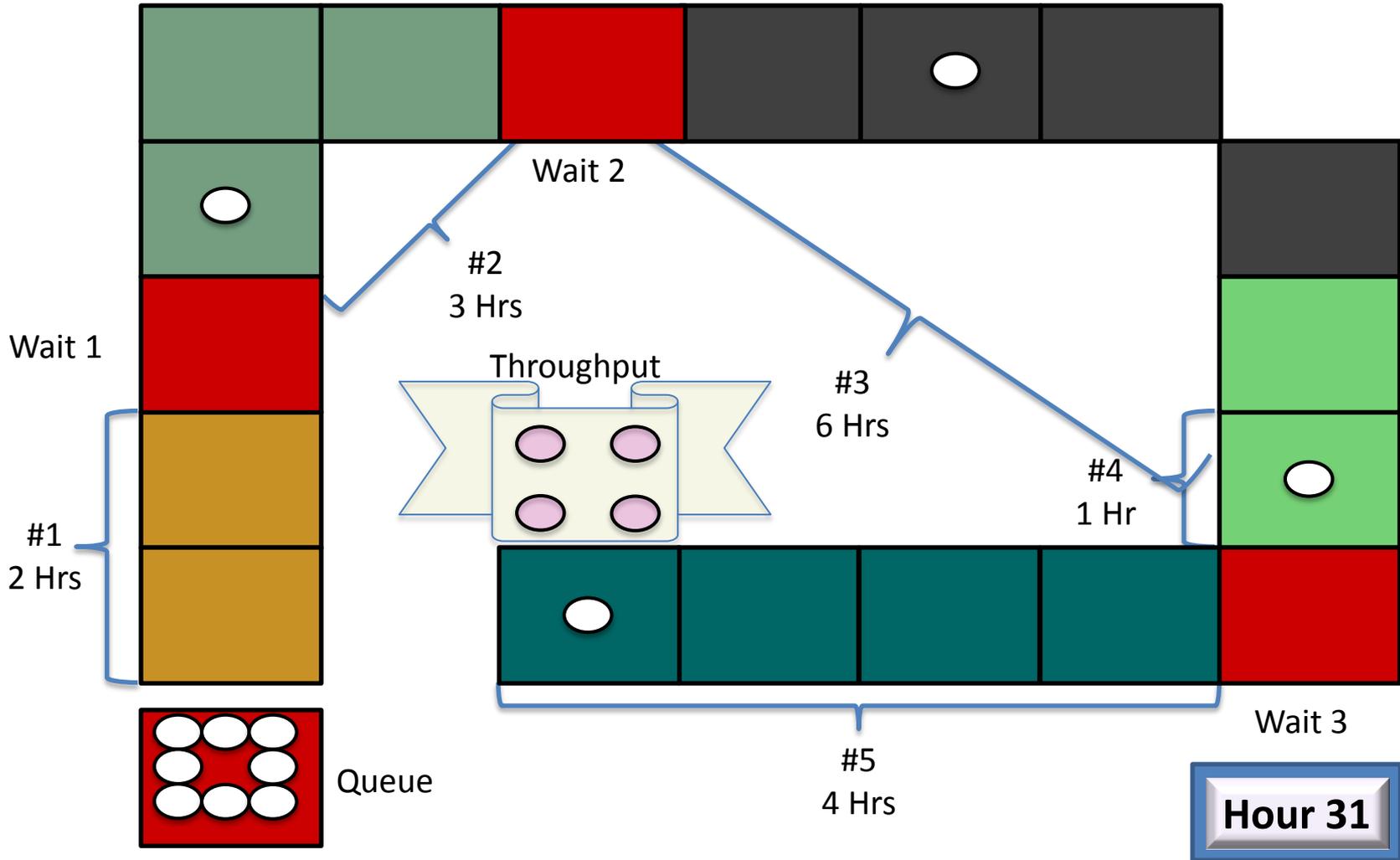


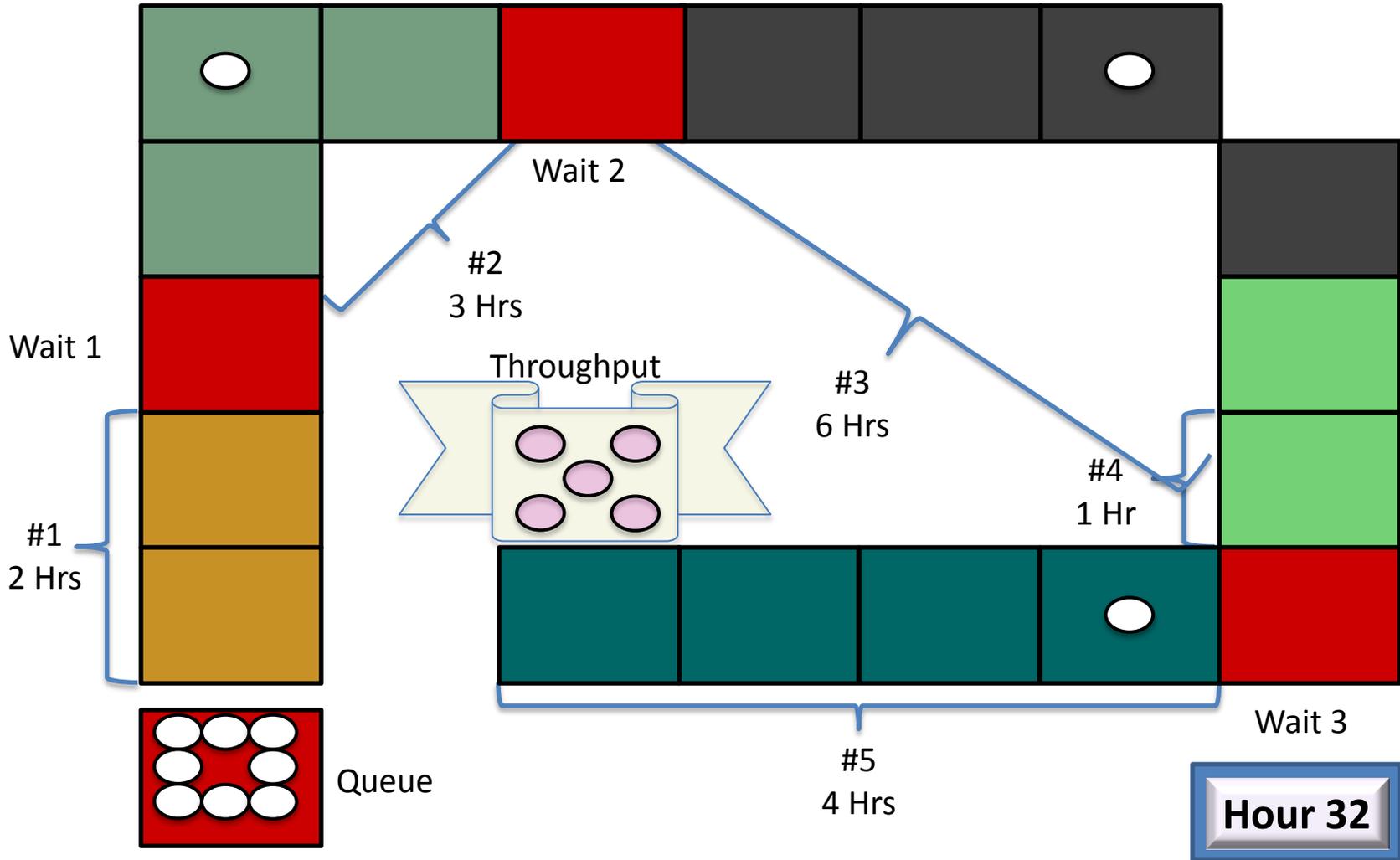


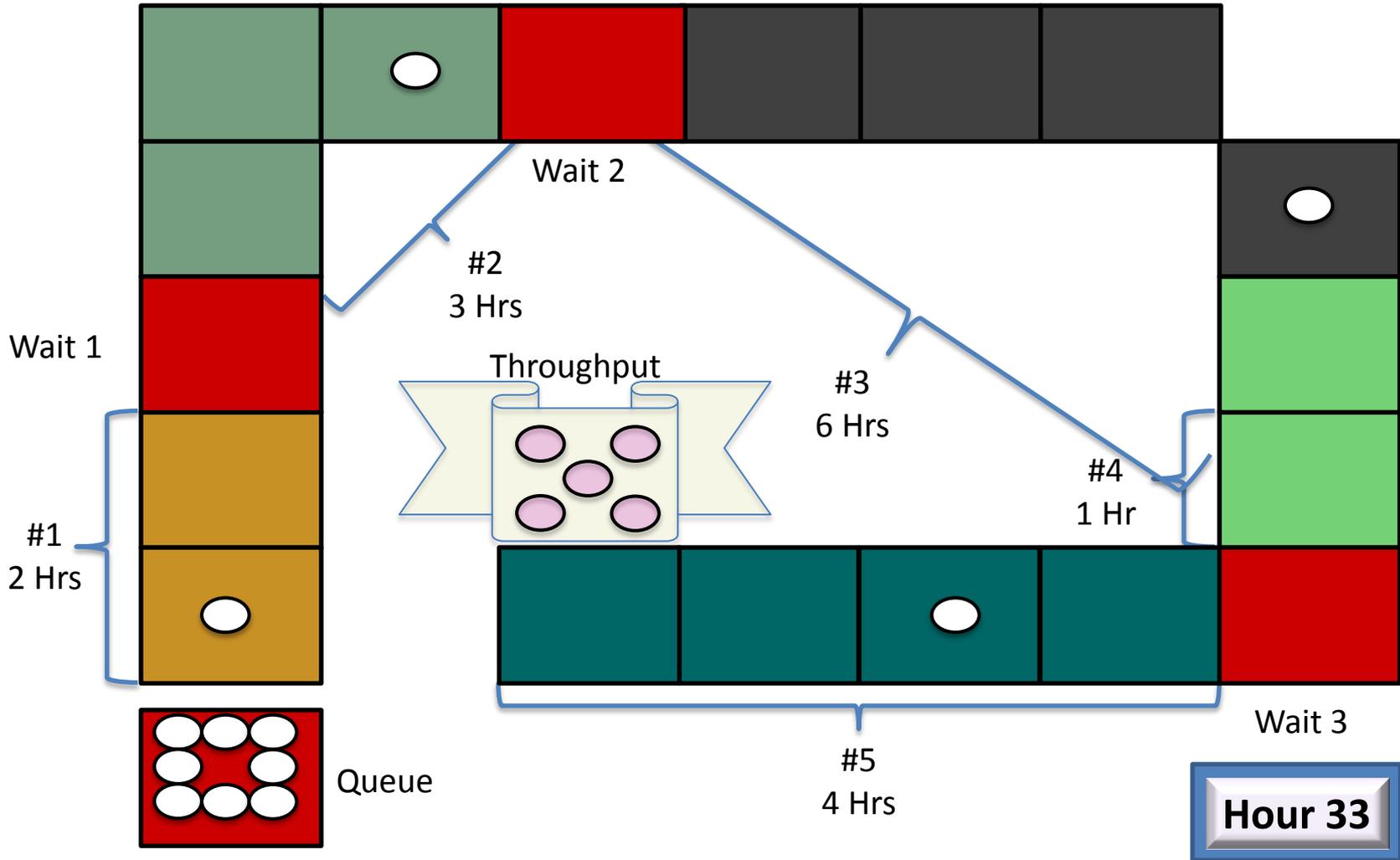


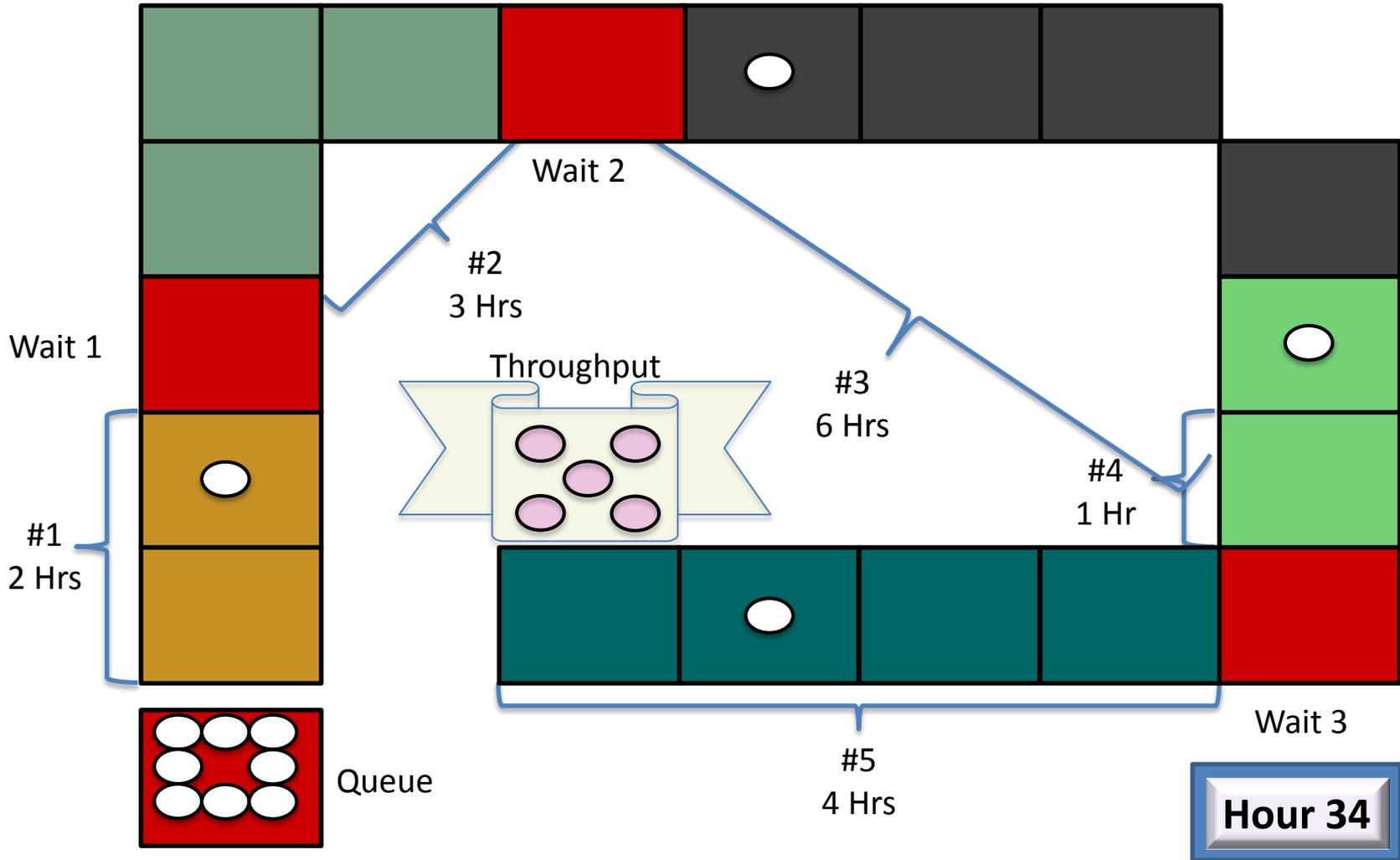


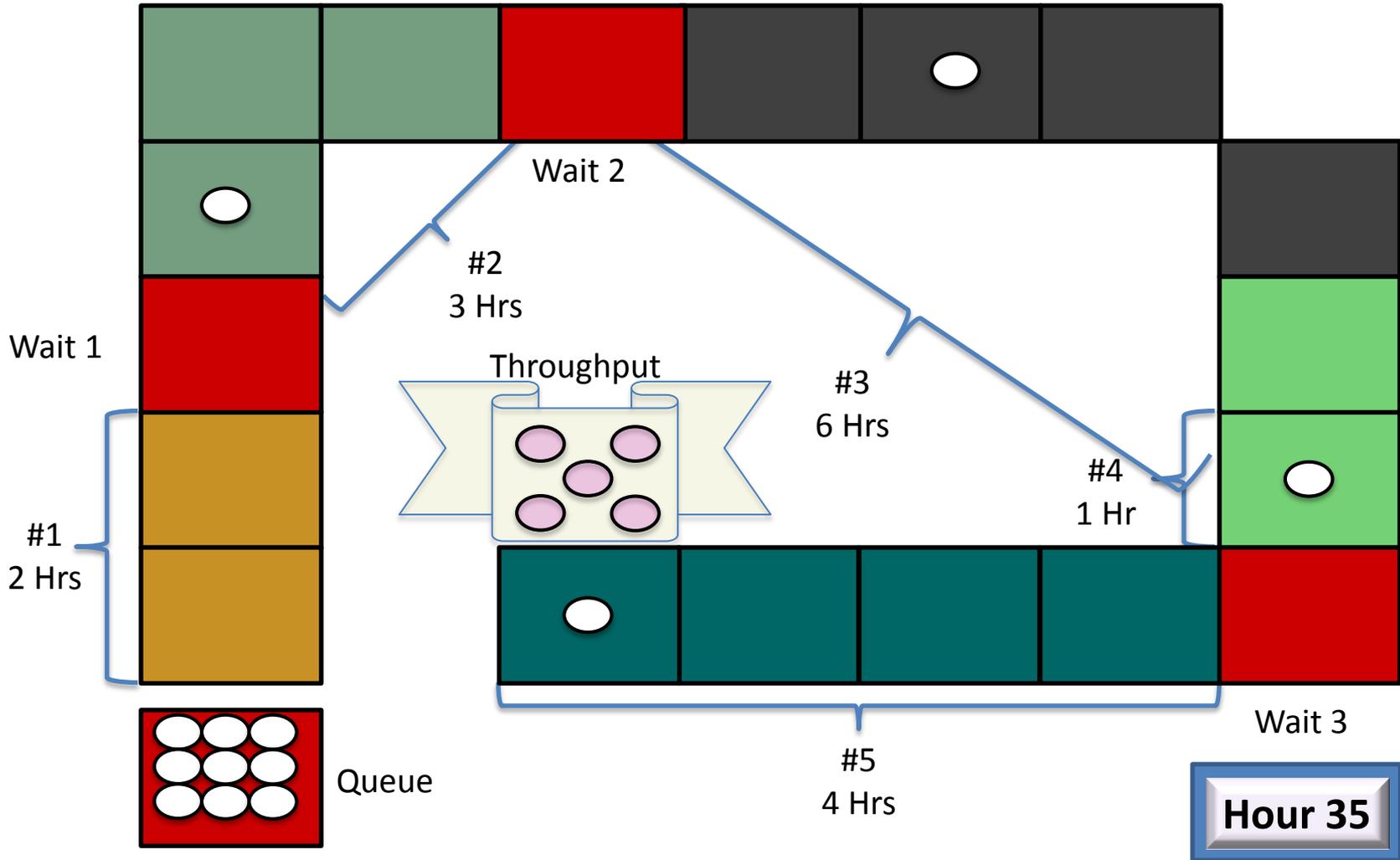


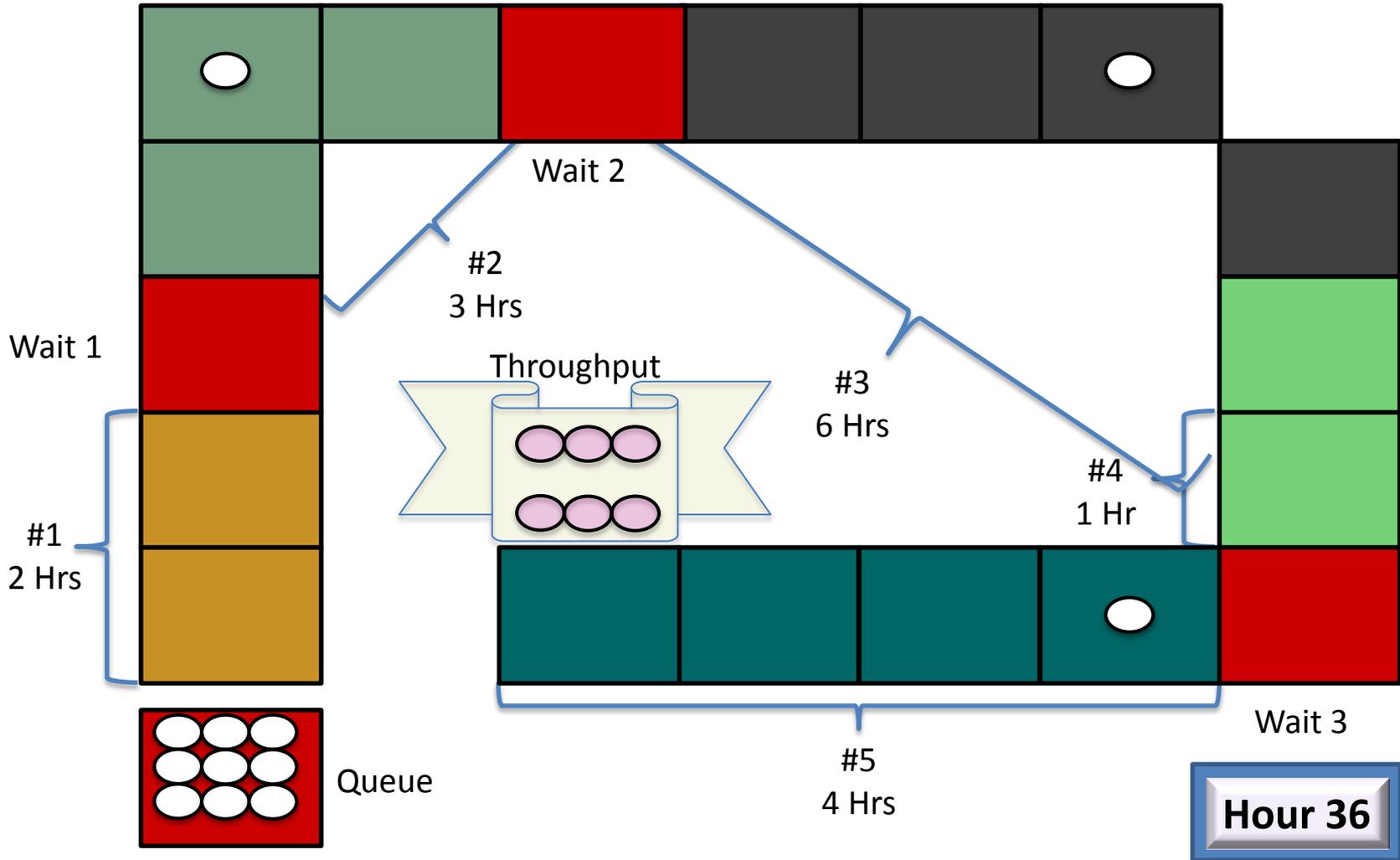


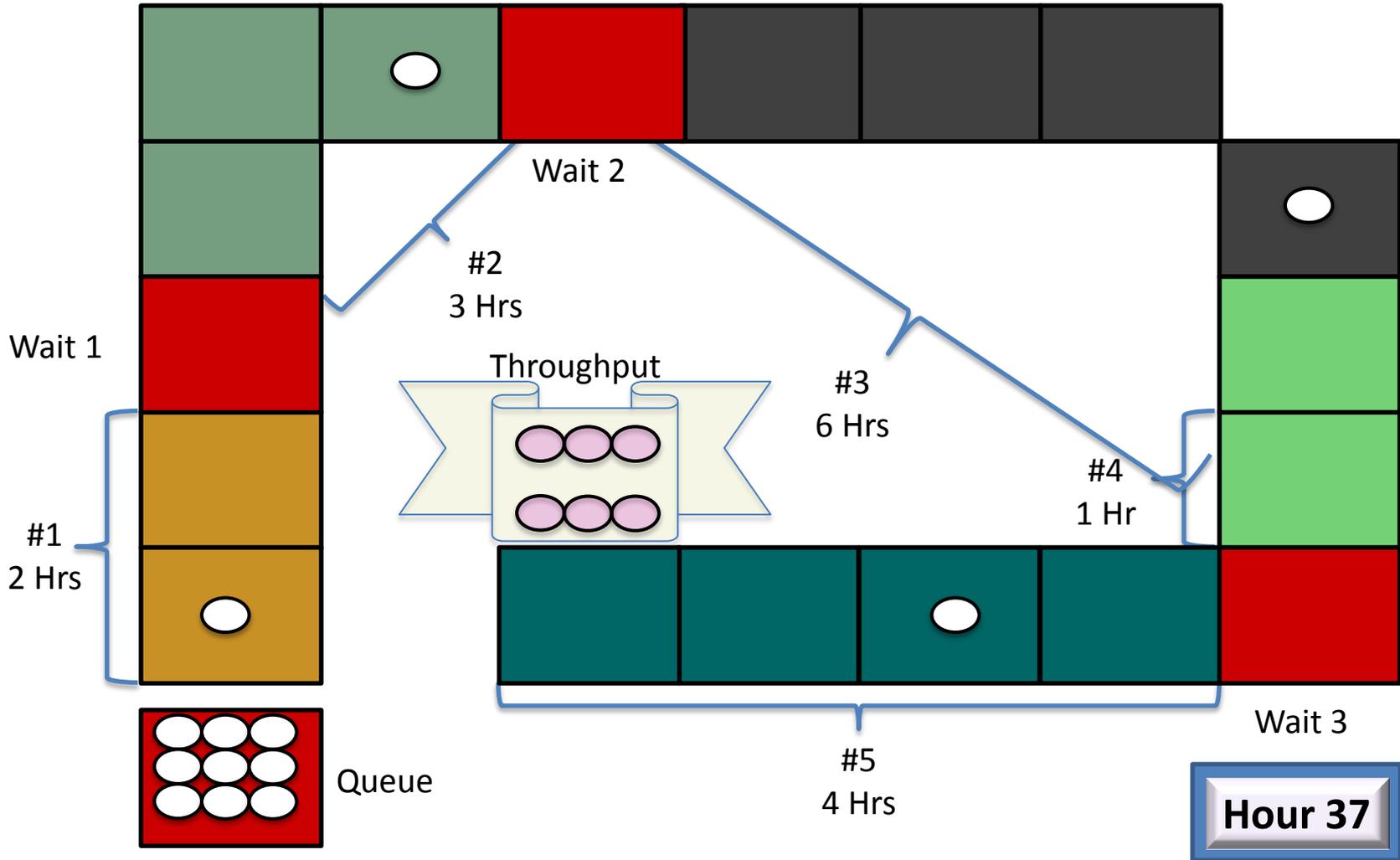


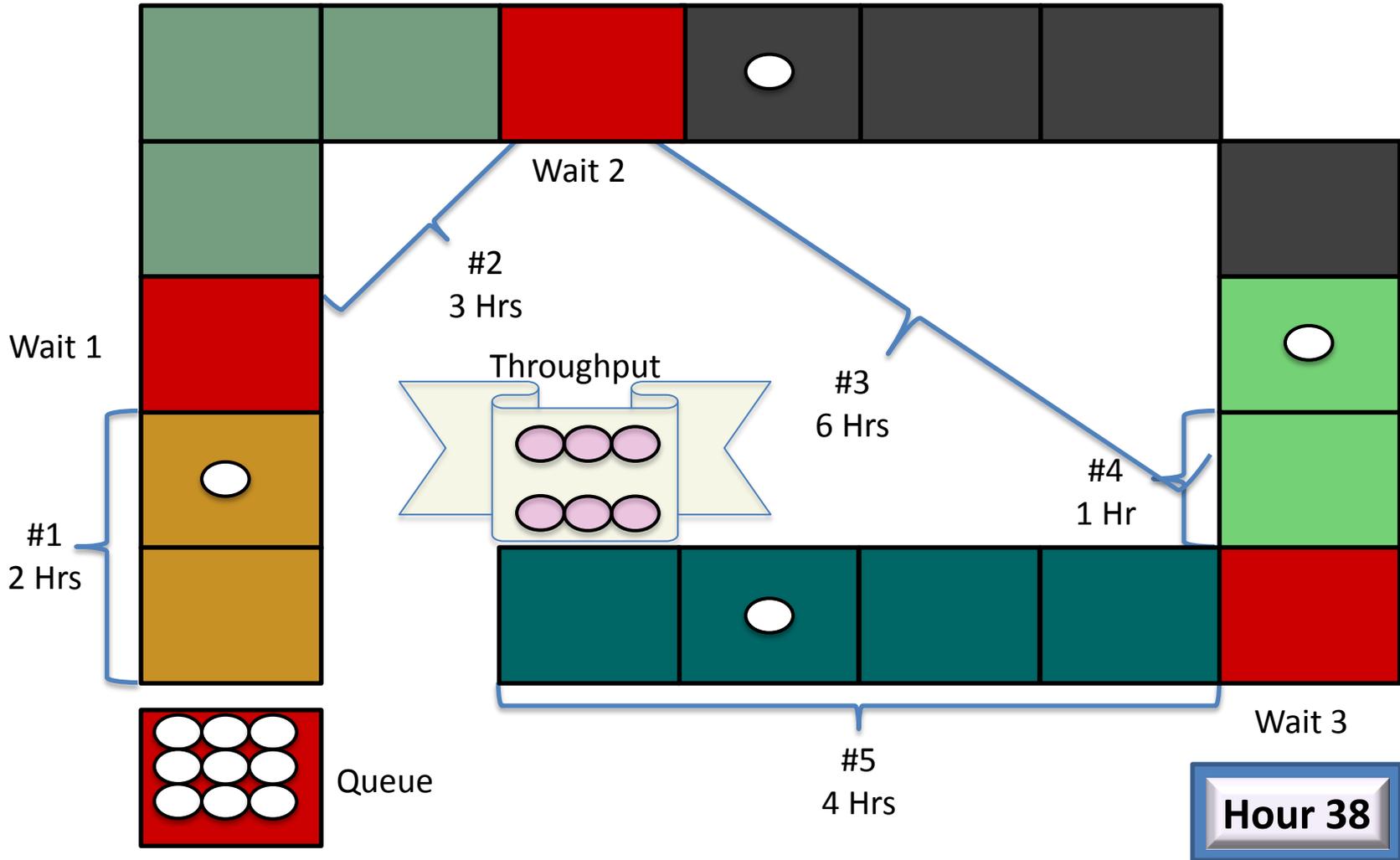


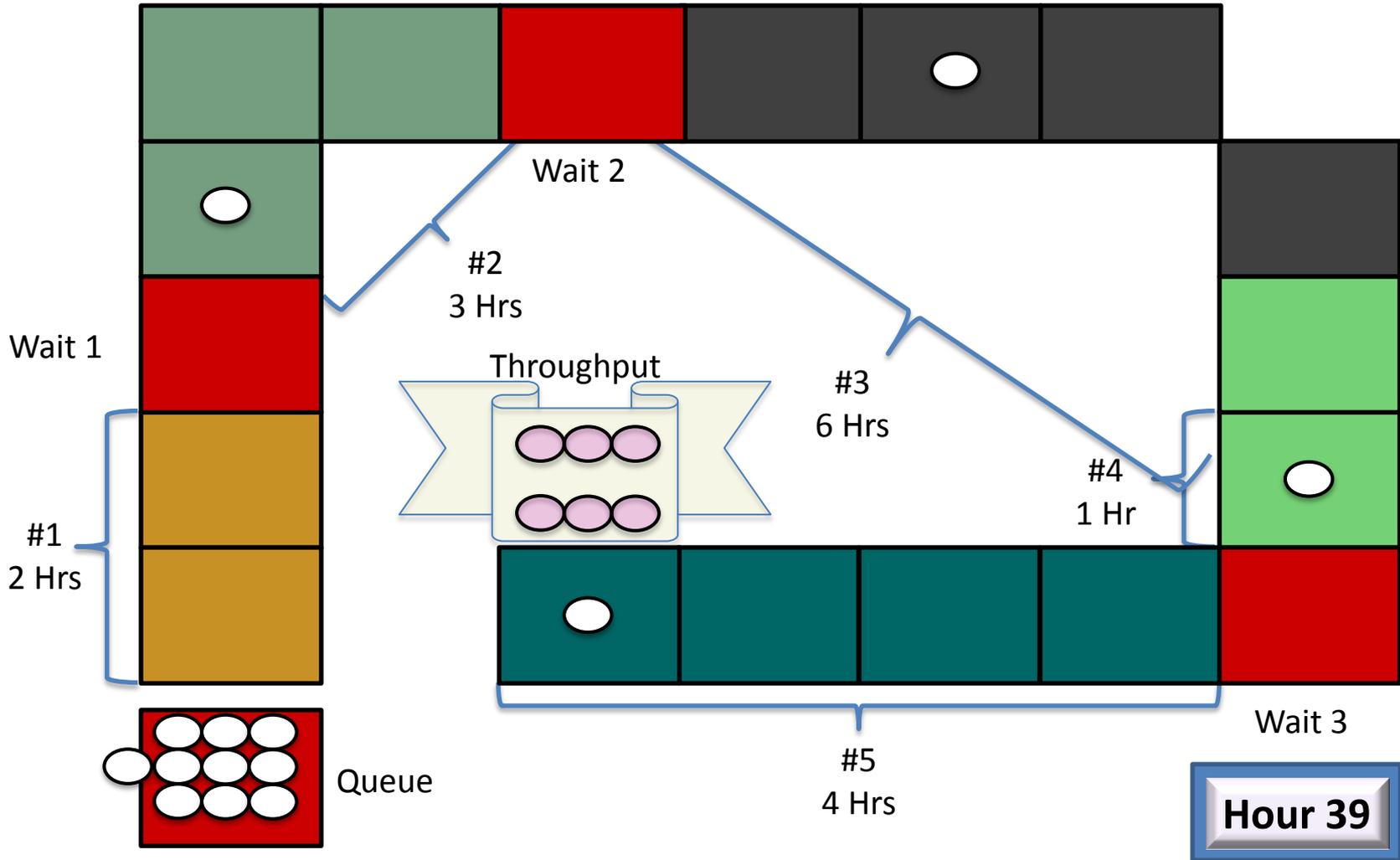


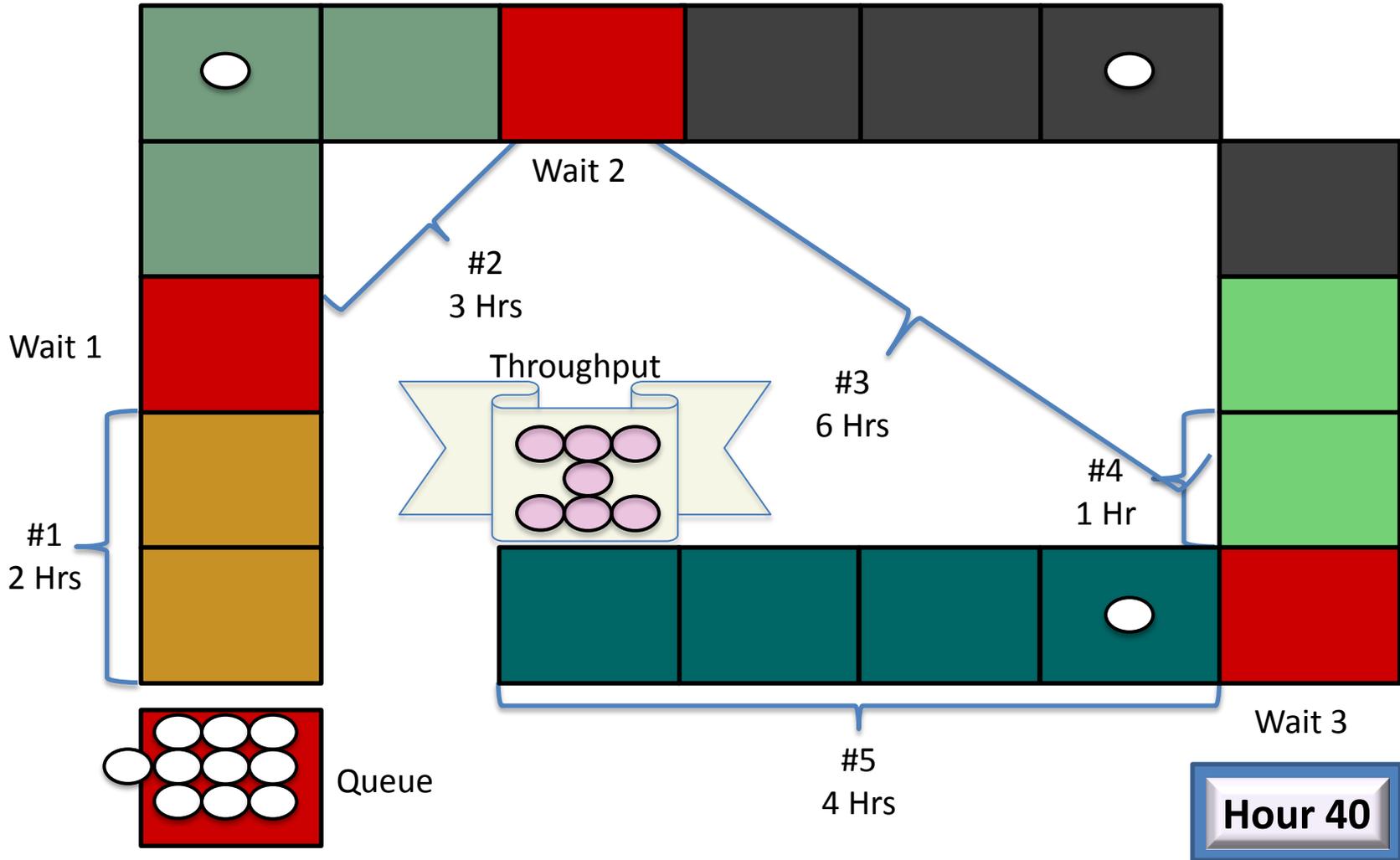


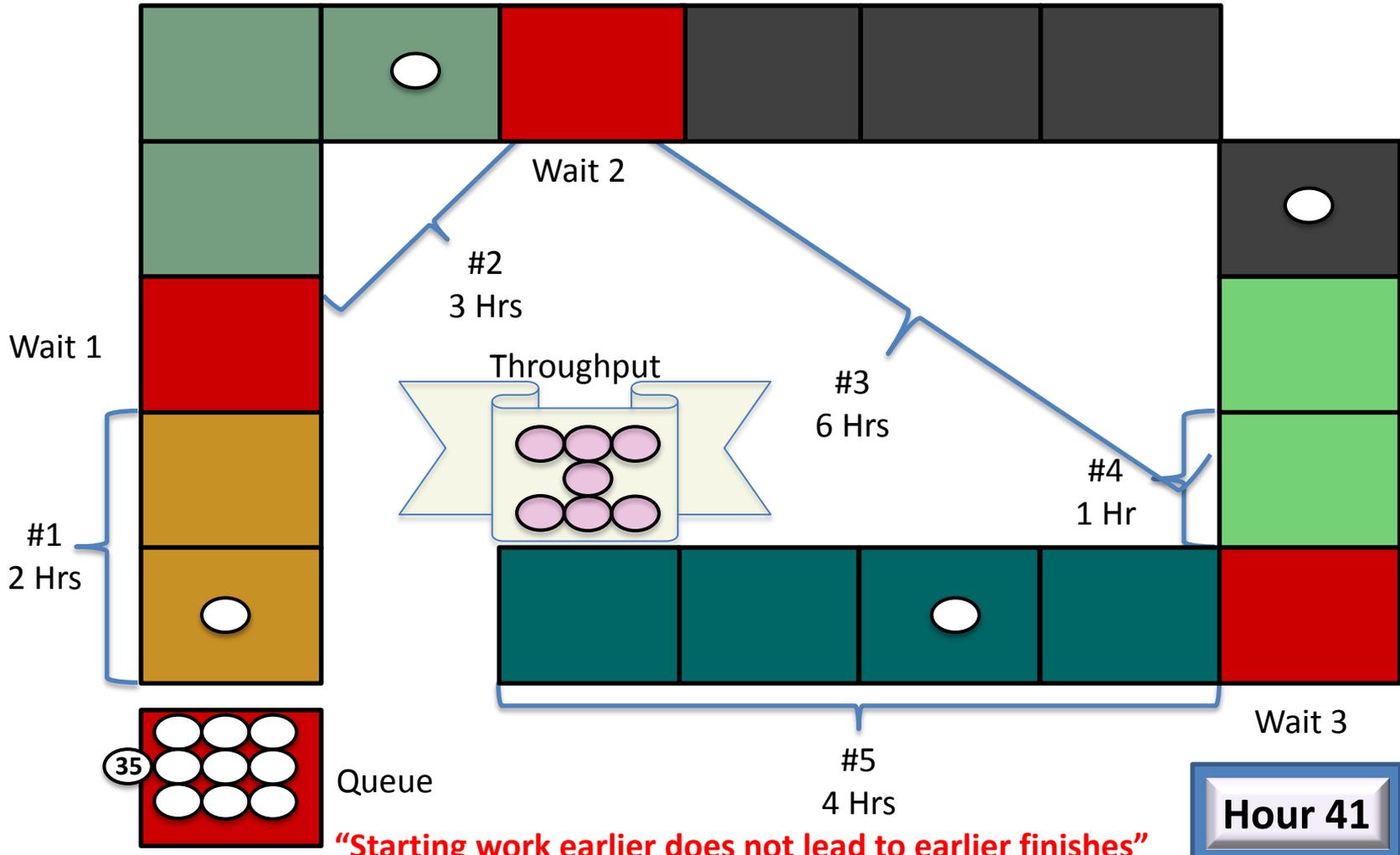












# Results and Costs Per Unit

In the second example:

- Total fixed costs are unchanged at \$12,000 per week
- The throughput rate is one unit every four hours or 10 units per week (40 / 4)
- The cost per unit is \$1,200 ( $\$12,000 / 10$ ) - \$600 less per unit

If the backlog in the queue is seasonal (temporary) then it will be absorbed in time. If it's a new trend, additional resources may be necessary; however, only add staff if throughput increases.

# Don't compromise

# Make change real



doing what's  
not working

Why we  
don't



Be passionate and  
patient

Thank you