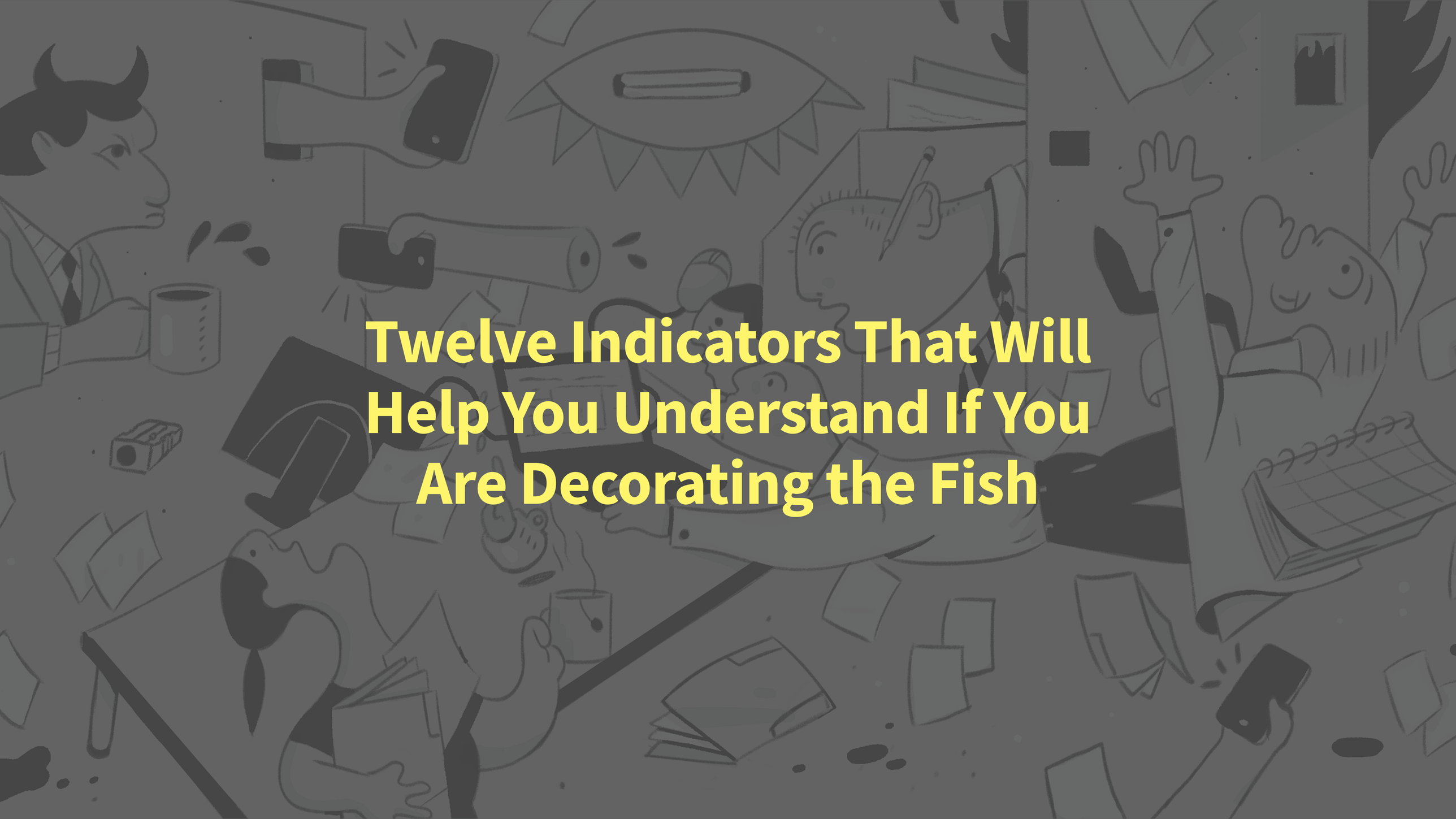


Twelve Indicators That Will Help You Understand If You Are Decorating the Fish

1st Seduction:

More Strategy

Is your organization's goal customer focused?
• Indicator 1: Inward Focus

Is your organization's goal clear and measurable?
• Indicator 2: Aspirational Goals

Can your organization directly impact the goal?
• Indicator 3: Influencing

Does your strategy try to make it easier to live with the problem rather than solve the problem?
• Indicator 4: Counteracting

2nd Seduction:

More Money

Have you invested in programs only to get marginal improvements?
• Indicator 5: Marginal Improvement

Are you considering investing more resources before improving the flow?
• Indicator 6: Resources

3rd Seduction:

More Technology

What limitation does the technology try to remove?

- **Indicator 7: Sophistication**

4th Seduction:

More Data

Are you trying to account for and control every element of the system, or do you identify and focus on the few leverage points?

- **Indicator 8: Overanalysis**

Are you trying to improve the forecast rather than improving the system responsiveness?

- **Indicator 9: Prediction**

5th Seduction:

More Reorganization

Are you trying to get alignment by changing the structure rather than changing the process and solving the underline conflict?

- **Indicator 10: Command and Control**

6th Seduction:

More training and communication

Are you trying to use more training and communication to overcome poorly designed incentives and processes?

- **Indicator 11: Persuasion**

7th Seduction:

More Accountability and assigning blame

Are you asking external parties to change before you make significant change on your side?

- **Indicator 12: Misplaced Accountability**

1

Inward Focus

The Organization’s Goals Are Not Defined From the Right Customer’s Perspective

“Begin with the end in mind.”

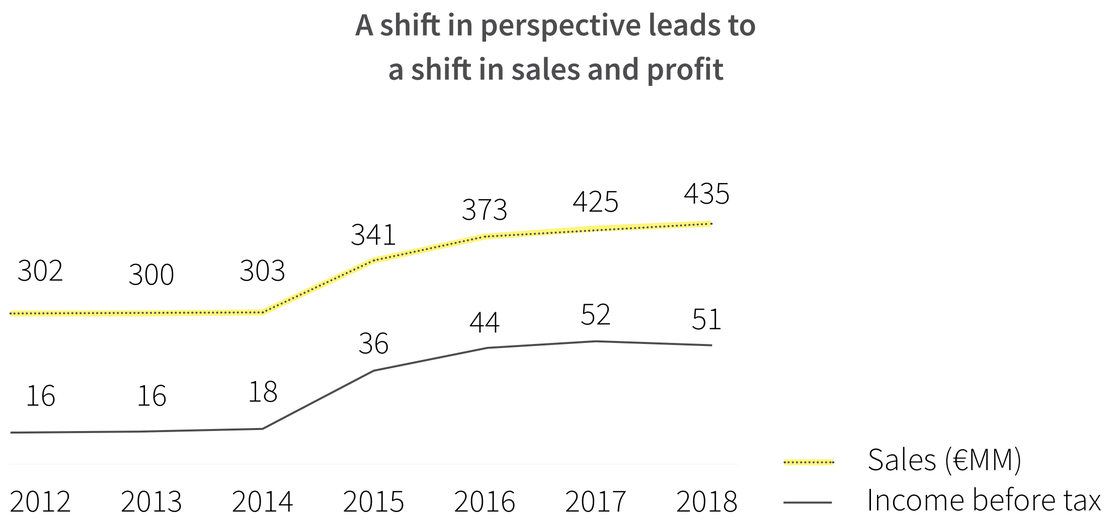
— Stephen R. Covey

Case Studies:

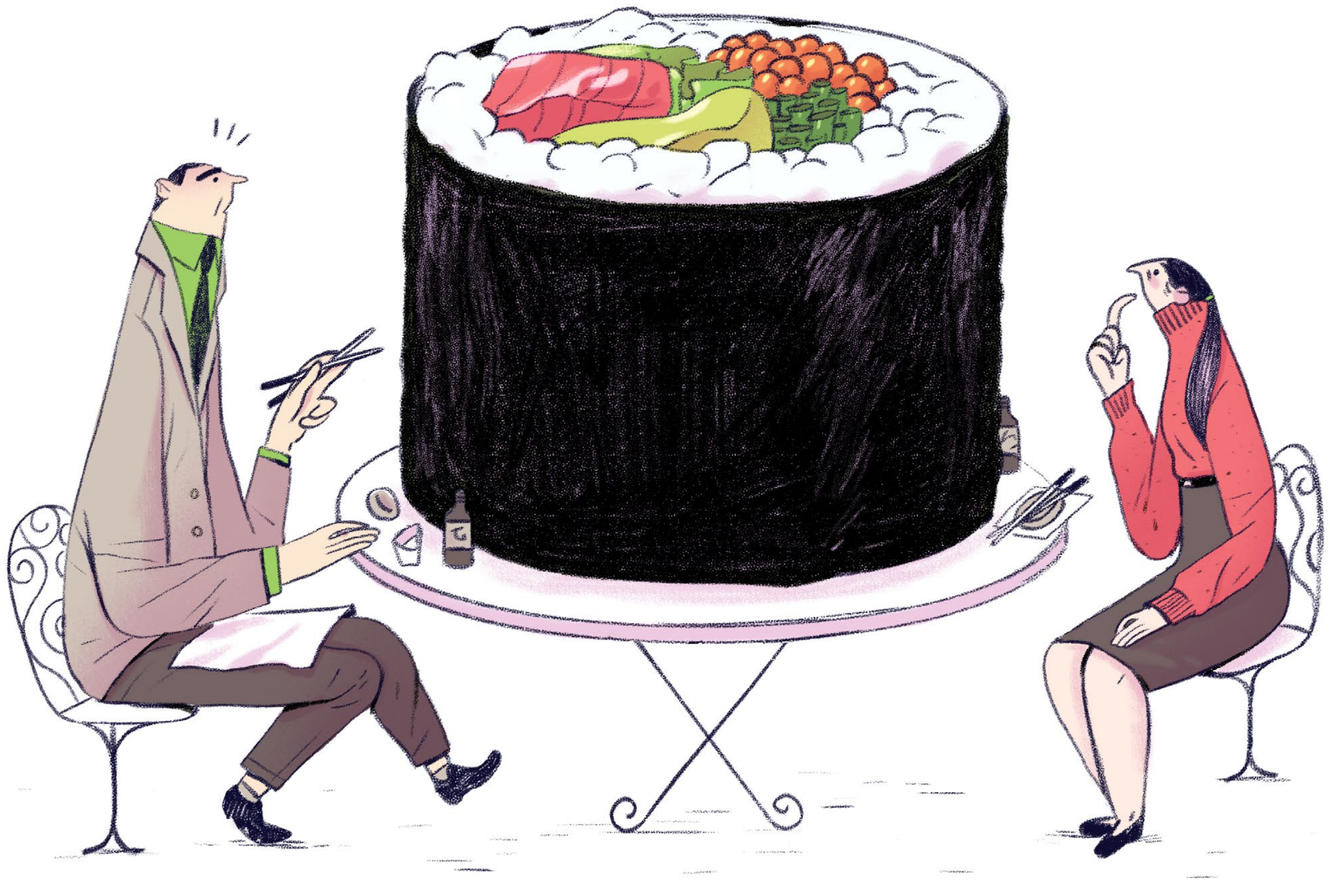
1.1 Mergers and Acquisitions

1.2 Goals lost in translation

1.3 Addressing the wrong need


A shift in perspective leads to
a shift in sales and profit
302
300
303
341
373
425
435
16
16
18
36
44
52
51
2012
2013
2014
2015
2016
2017
2018
Sales (€MM)
Income before tax

“Fine Cuisine”



2

Aspirational Goals

The Organization Has a Goal That Is Not Clear and Can't Be Measured

"Tell me how you measure me, and I will tell you how I will behave."

— Eliyahu M. Goldratt

Case Studies:

2.1 Goals in Government

2.2 Continuous Improvement Initiatives

2.3 Innovation Culture

“Our Way to Improve”

3

Influencing

Your Organization Focuses on Goals and Measures That It Can't Directly Impact While Ignoring What It Can Directly Impact

“Miscalculation of power is the basis of all defeats.”

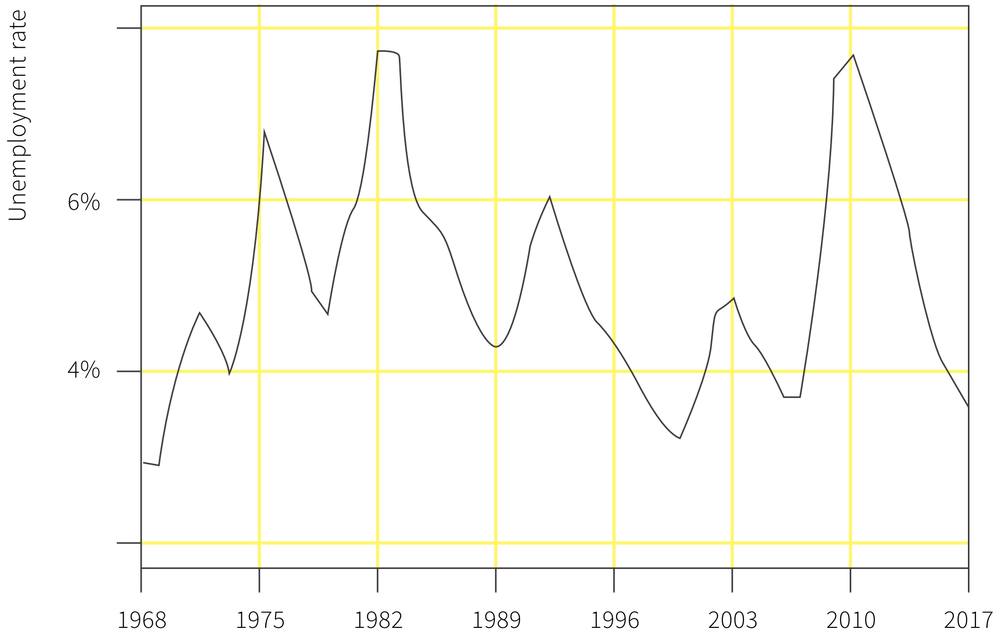
— Authors

Case Studies:

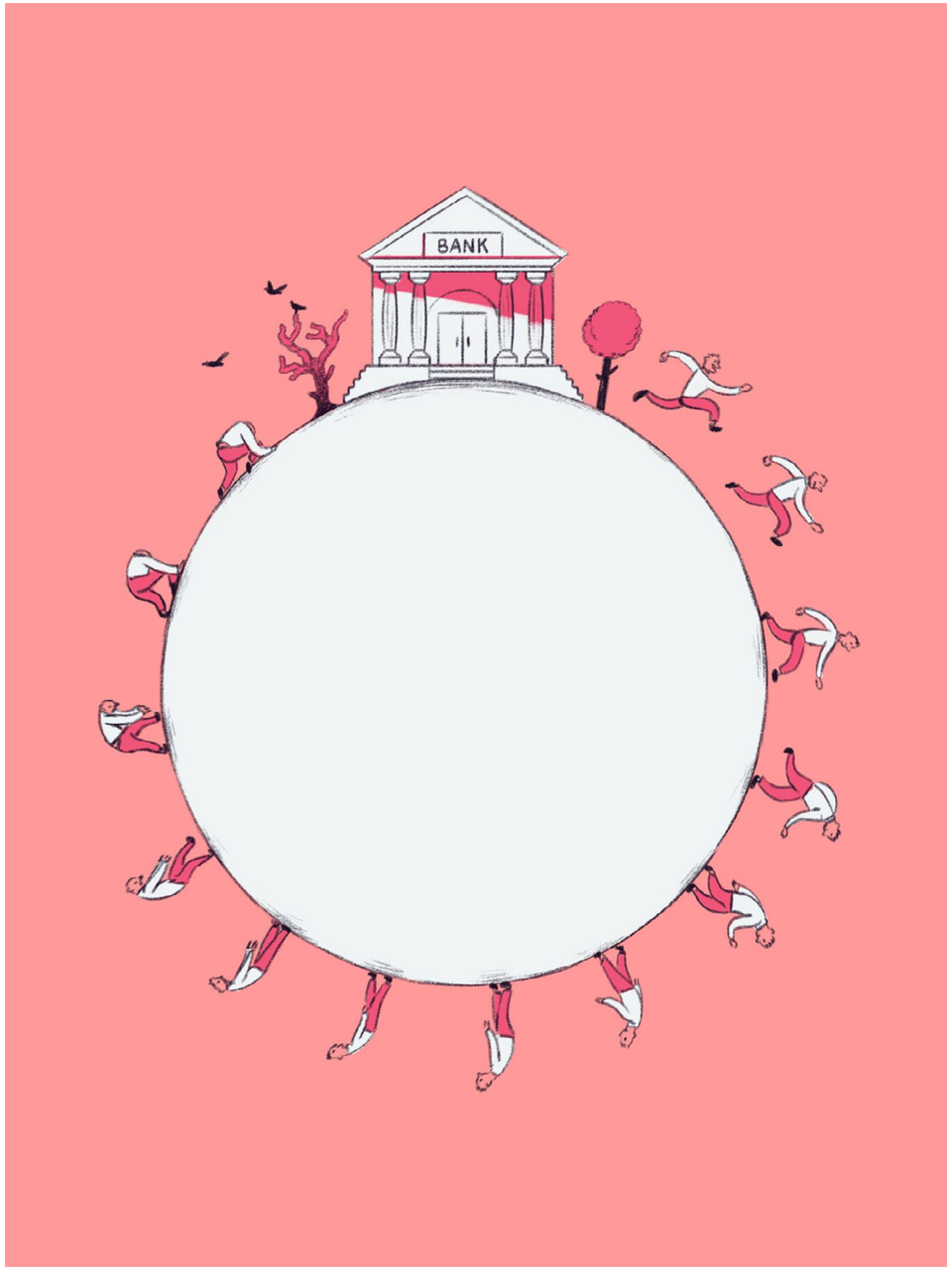
3.1 HR Business Partner

3.2 Inmate Recidivism

3.3 Monetary Policy


Unemployment rate
6%
4%
1968
1975
1982
1989
1996
2003
2010
2017

“Stimulating the Economy”



4

Counteracting

The Solution Tries to Compensate or Counteract the Problem instead of Solving the Fundamental Problem

“If you find yourself in a hole, stop digging.”

— Will Rogers

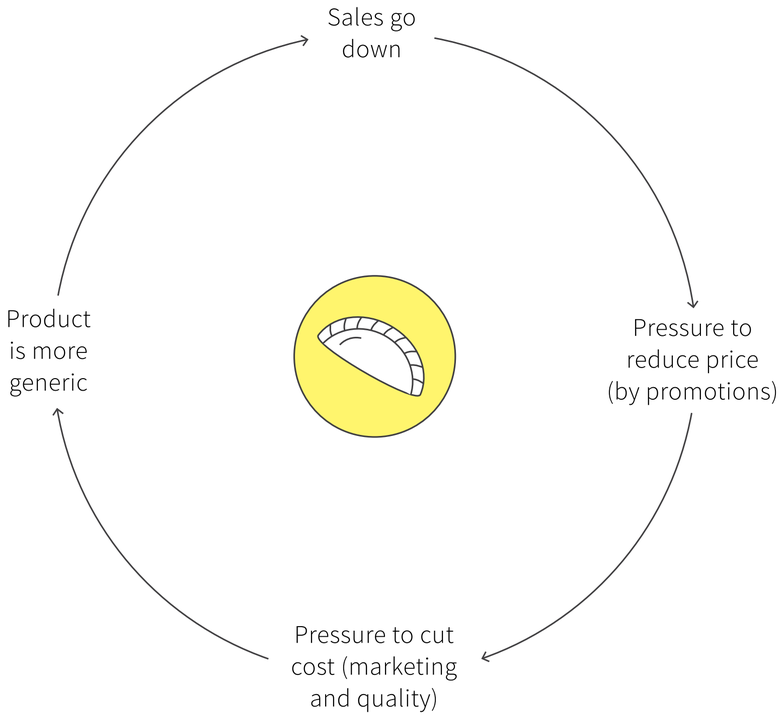
Case Studies:

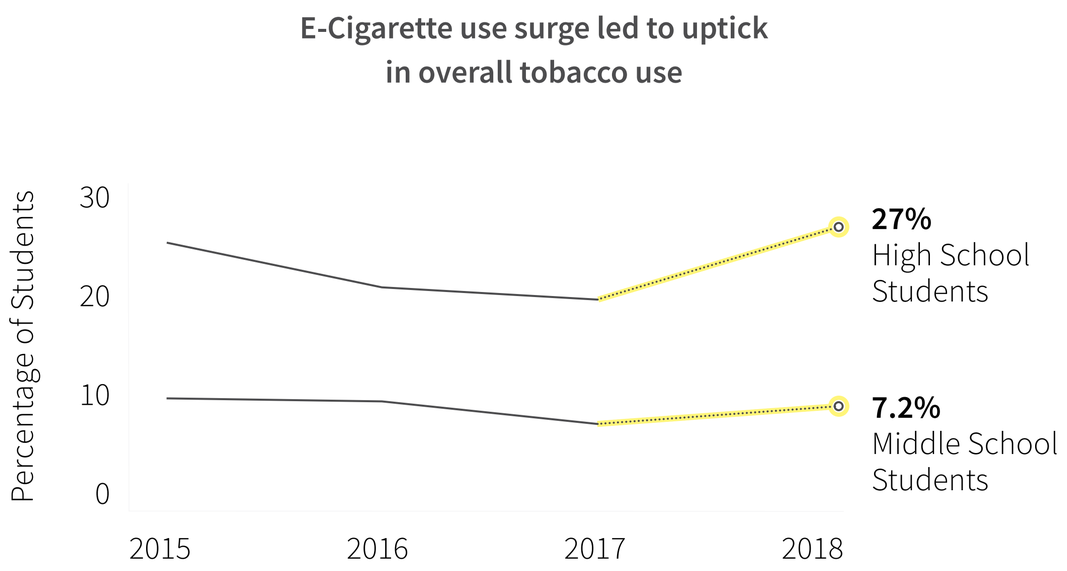
4.1 Supporting Rural Areas

4.2 Cost-Cutting

4.3 E-Cigarettes

Indicator 4: Counteracting | 4.2 Cost-Cutting




E-Cigarette use surge led to uptick
in overall tobacco use
Percentage of Students
30
20
10
0
2015
2016
2017
2018
27%
High School
Students
7.2%
Middle School
Students

“Choose Your Poison”

5

Marginal Improvement

The Solution Requires Significant Resources but the Impact on the Organization’s Goal Is Marginal

“Practice without improvement is meaningless.”

— Chuck Knox

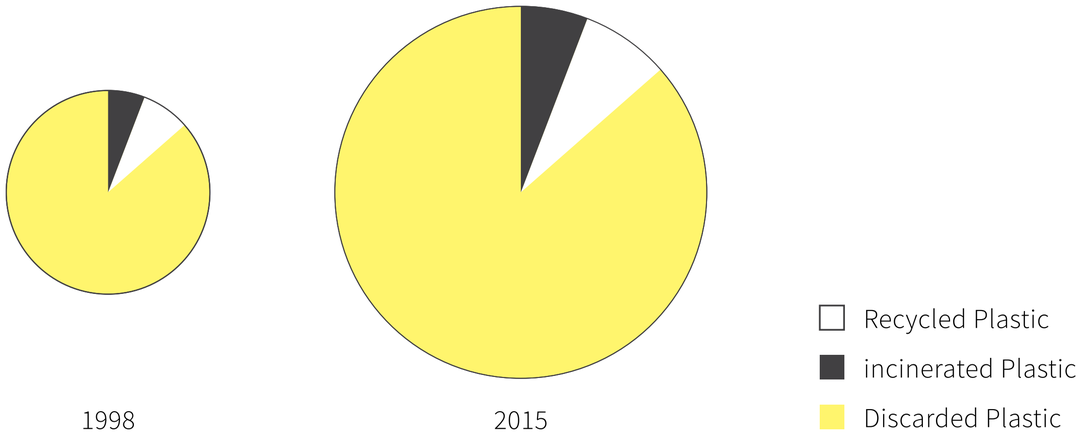
Case Studies:

5.1 Recycling

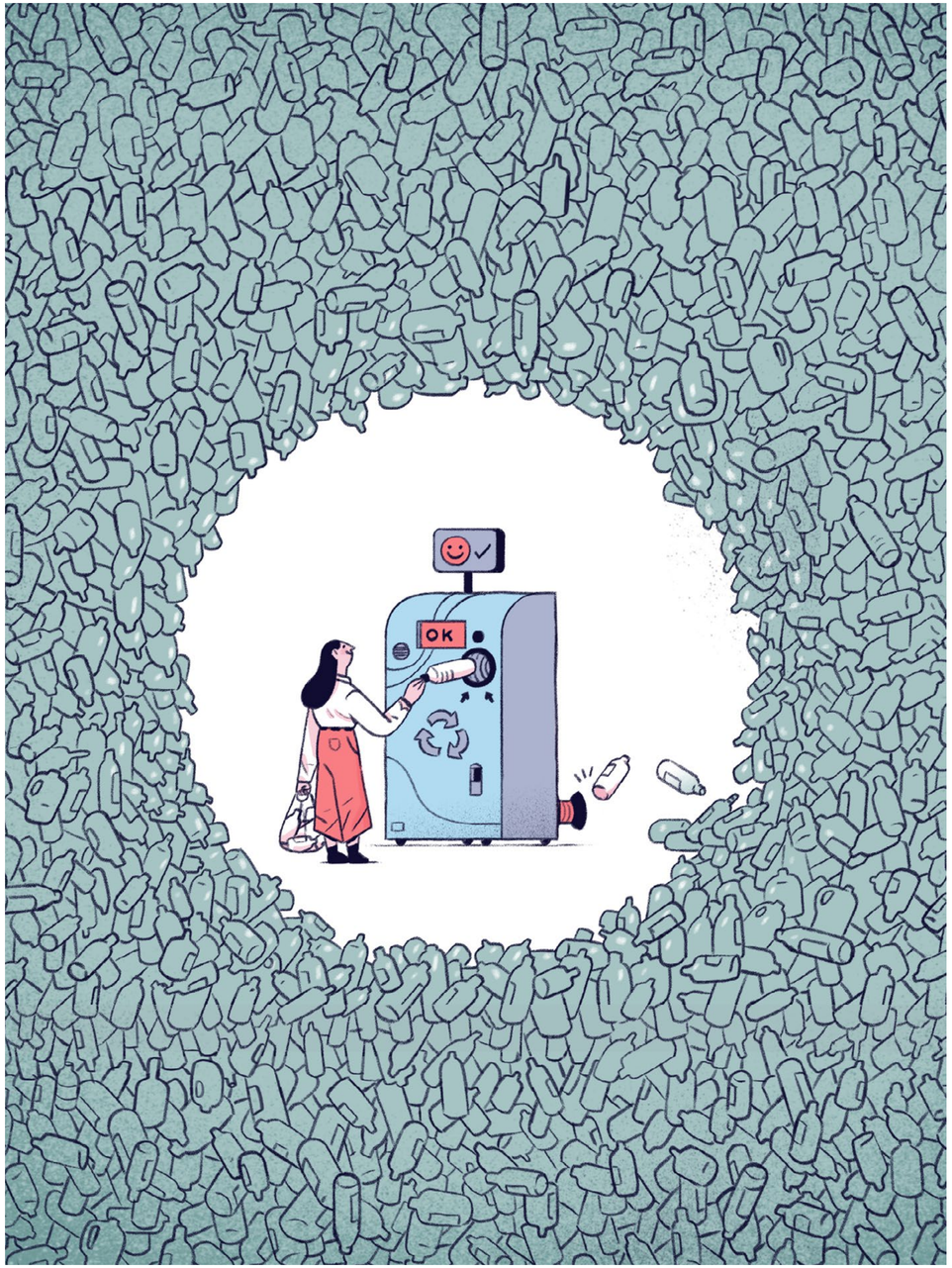
5.2 Pell Grants

5.3 Synchronizing Traffic

Indicator 5: Marginal Improvement | 5.1 Recycling



“Making a Big Impact”



6

Resources

The Solution Adds More Resources but Ignores Obstacles in the Workflow

"An entrepreneur does more than anyone thinks possible, with less than anyone thinks possible. Bureaucrats do less than anyone thinks is possible, with more than anyone thinks possible."

— John Doerr

Case Studies:

6.1 Hospital Wait Times

6.2 Child Welfare Investigations

6.3 Warehouse Expansion

The impact of improving flow on waiting time

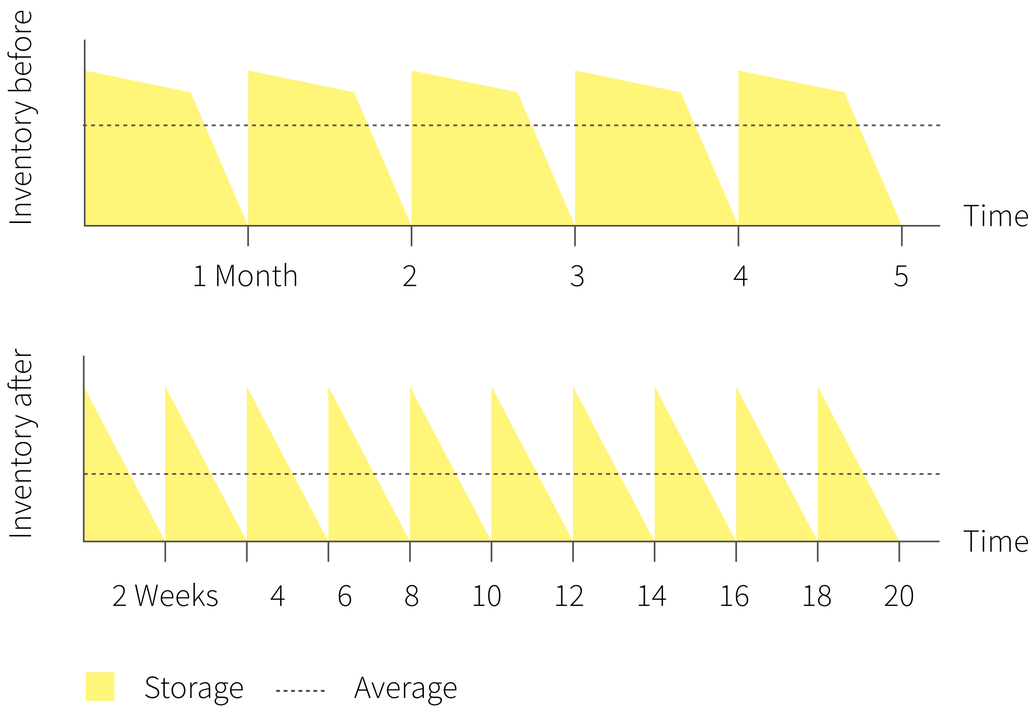
Emergency room
Patients staying longer than 4 hours reduced by 50%

Nuclear Radiology lab
Waiting time was reduced by 40%

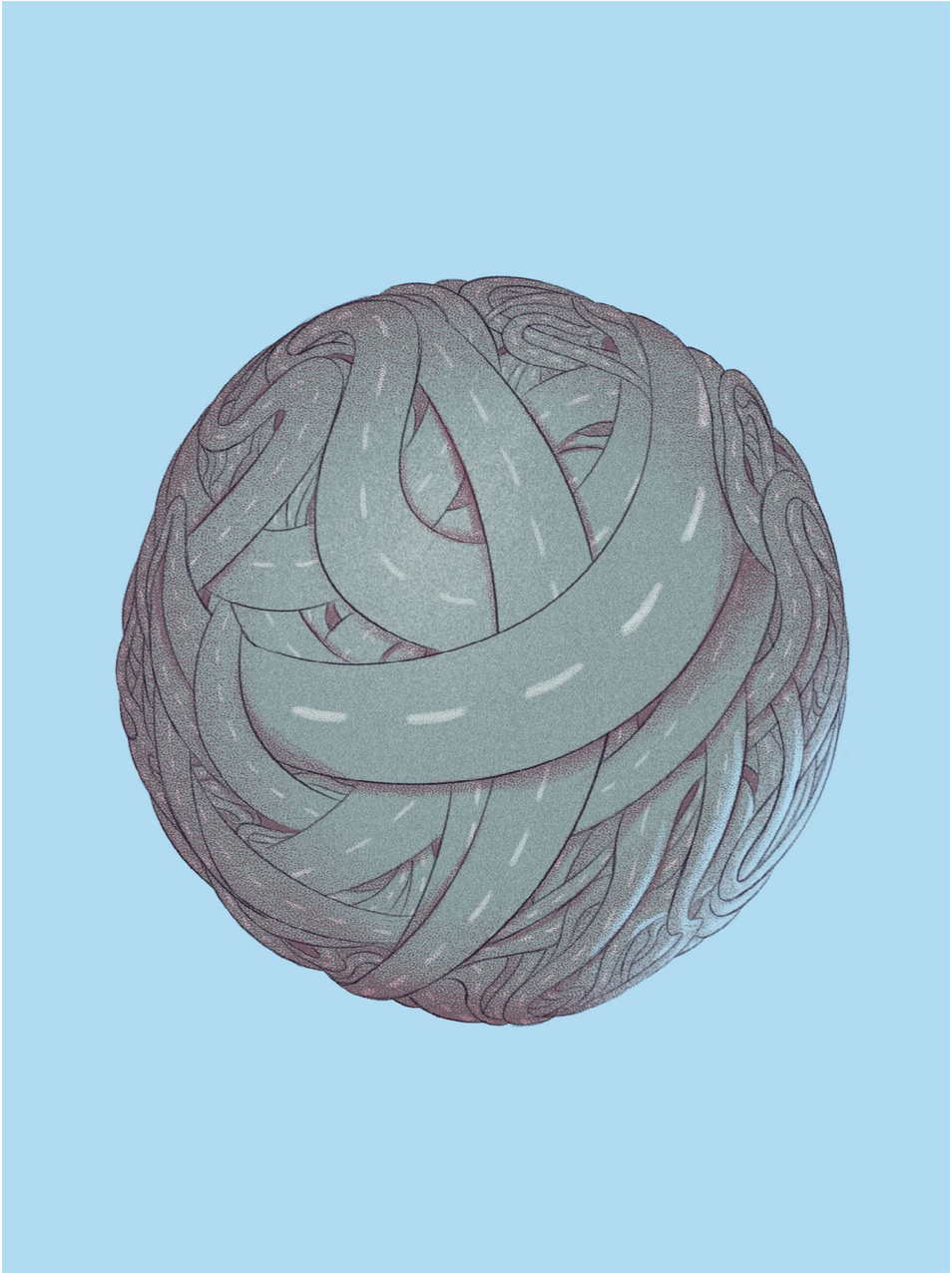
Ophthalmology
Waiting time for surgery was reduced by 41%

Operating room
waiting time for operation was reduced by 20%

The impact of shipment frequency on warehouse inventory level



“Road to Success”



7

Sophistication

The Solution Adds Sophistication and Complexity, but With No Real Substance

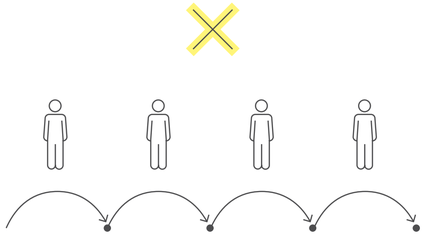
"Value is created by removing a significant limitation for the customer, in a way that was not possible before, and to the extent that no significant competitor can deliver."

— Eliyahu M. Goldratt

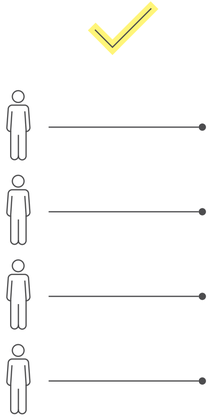
Case Studies:

7.1 Segway
7.2 Going Digital
7.3 Process Automation

The illusion of efficiency

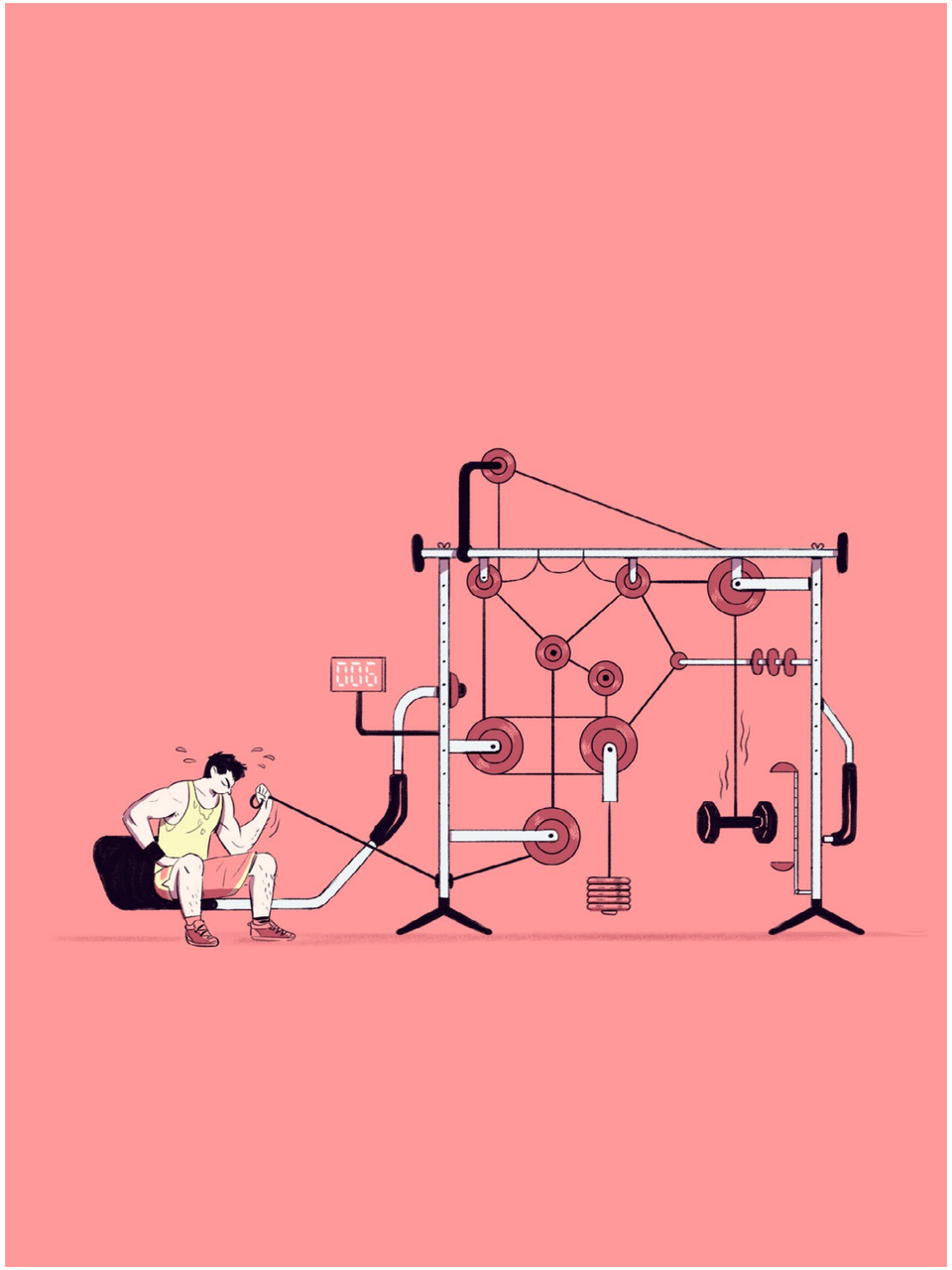


Overspecialization increases handoffs and dependencies which slow down the flow.



Cross training enables each employee to complete the job independently. This increases system flexibility and flow.

“Machine Learning”



8

Overanalysis

The Solution Relies on Overanalysis

"It is better to be roughly right than precisely wrong."

— John Maynard Keynes

Case Studies:

8.1 Student Success

8.2 Project Management

8.3 Budgeting

8.4 Patient Routing

“Every Detail Counts”

9

Prediction

The Solution Relies Heavily on Long-Term, Detailed Forecasts and Predictive Models

"The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design."

— Friedrich Hayek

Case Studies:

9.1 Occupational Forecasts

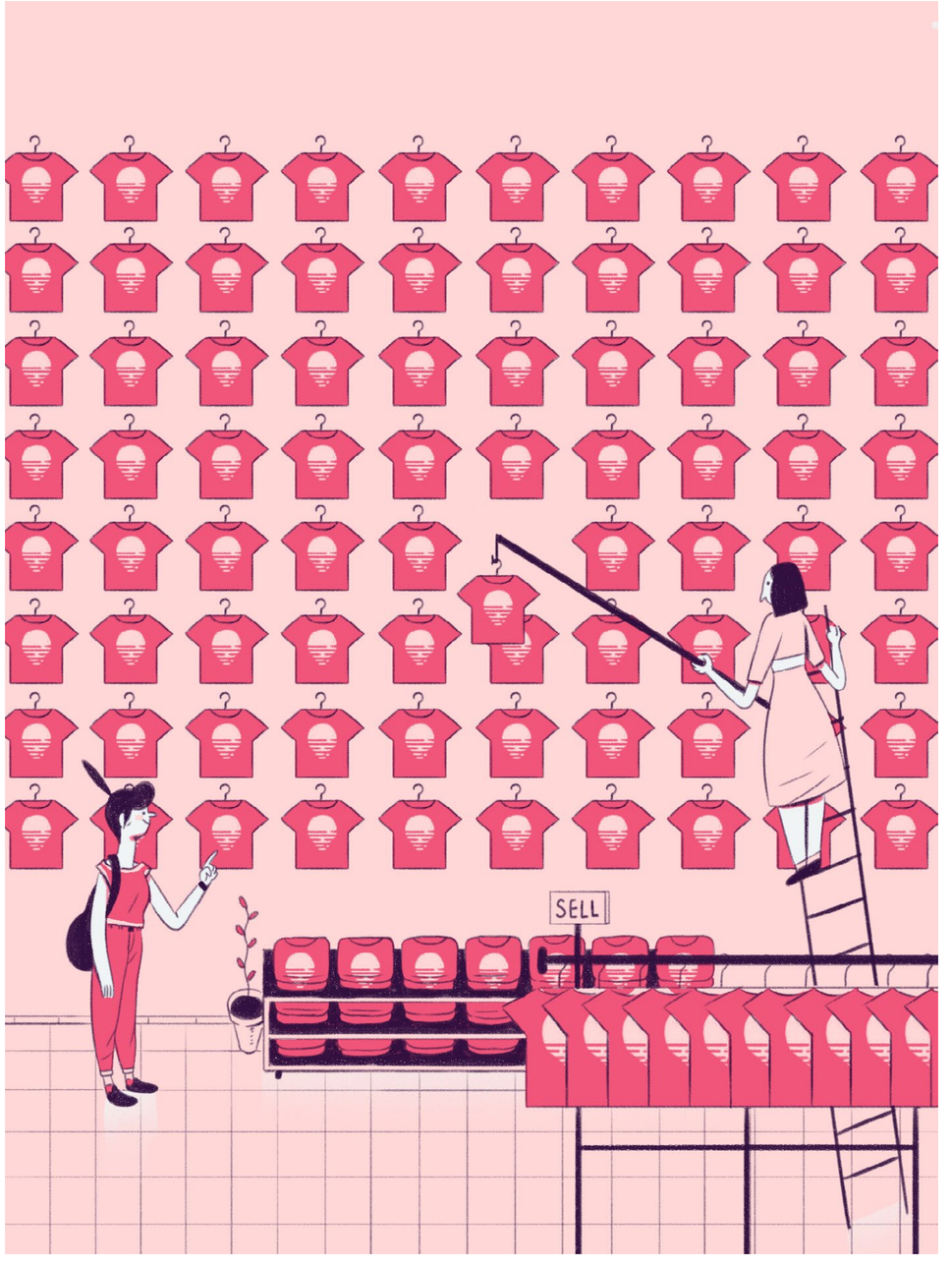
9.2 Global Supply Chain

9.3 Apparel

Less forecast better margins

	ZARA	Industry Average
From design to store	2 Weeks	6 Months
Buying ahead of the season	50%	90%
Full price clothing sales	85%	65%
Unsold items	10%	20%

“You Can’t Be Wrong With This”



10

Command and Control

The solution changes the organizational structure without changing the underlying operational processes

"Reorganizing is a wonderful method for creating the illusion of progress while actually producing confusion, inefficiency, and demoralization."

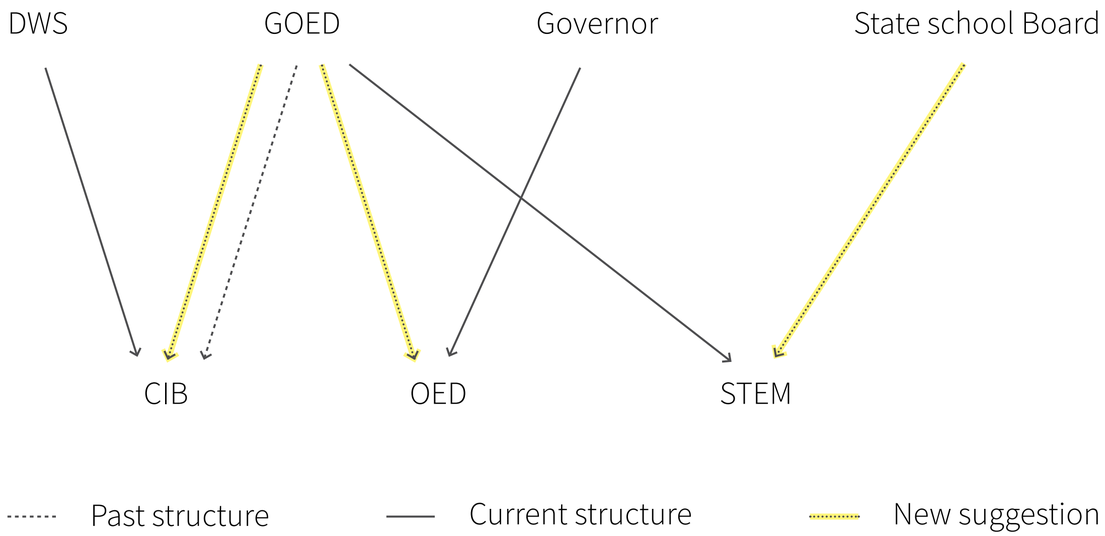
— Charlton Ogburn, Jr.

Case Studies:

10.1 Playing musical chairs

10.2 One Stop Shop

Back to the future:
Past, current and future structures



“Chief of Everything”

11

Persuation

The Solution Tries to Change People’s Behaviors Without Solving the Underlying Cause of Their Behaviors

"A bad system will beat a good person every time."

— W. Edwards Deming

Case Studies:

11.1 Water Conservation
11.2 Mass Transit
11.3 Employee Training
11.4 Branding Exercises

Best Global Brands Rankings

Ranking	2008	2018
1.	Coca-Cola	Apple
2.	IBM	Google
3.	Microsoft	amazon
4.	GE	Microsoft
5.	NOKIA	Coca-Cola
6.	TOYOTA	SAMSUNG
7.	intel	TOYOTA
8.	McDonald's	Mercedes-Benz
9.	Disney	Facebook
10.	Google	McDonald's

“Eat Well, Move More, Live Longer”

12

Misplaced Accountability

The solution aims to monitor and record mistakes better, rather than eliminating the source of the errors

"The aim of leadership is not merely to find and record failures of men, but to remove the causes of failure: to help people to do a better job with less effort."

— W. Edwards Deming

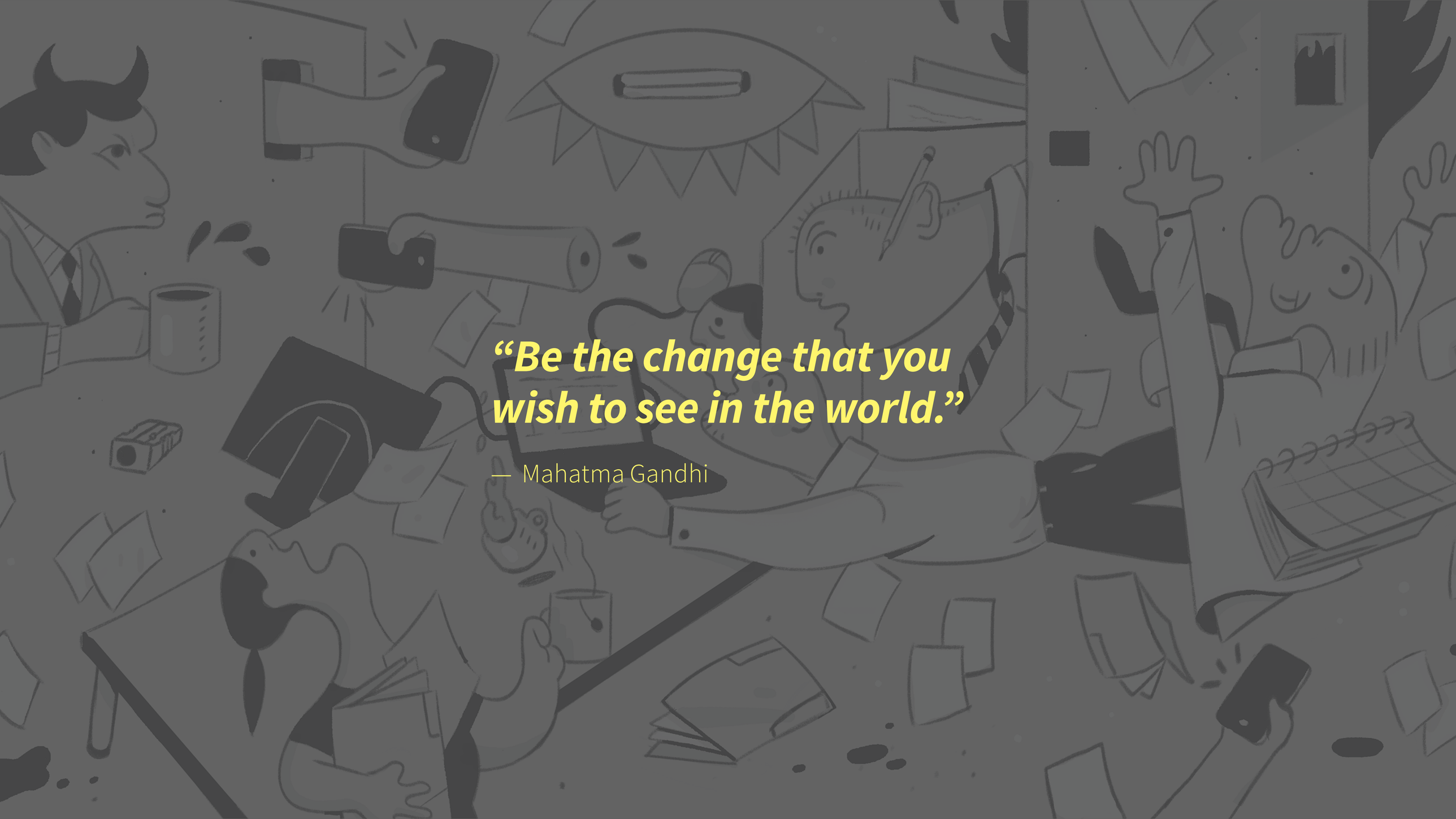
Case Studies:

12.1 Performance Plans

12.2 Mixed Messages

12.3 Transparency

“The Bee Watcher”



“Be the change that you wish to see in the world.”

— Mahatma Gandhi