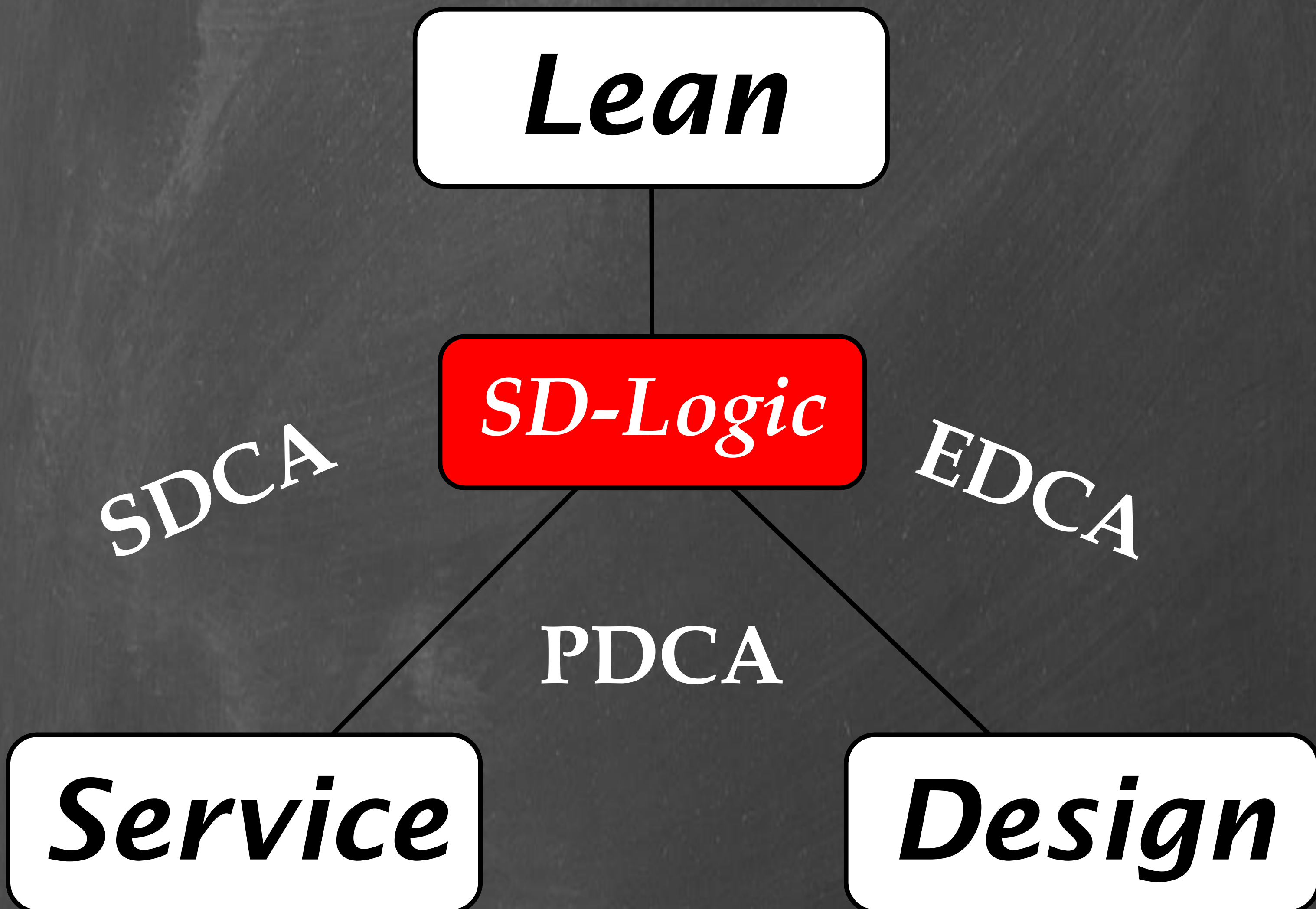

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Disclosure: There are links throughout the eBook which Business901 may have an affiliation with, such as the Amazon Links.

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Acknowledgements

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Joe Dager

Introduction

80% of Companies believe they deliver a Superior Service, only 8% of Customers agree. – *Bain & Company*

Lean Service Design changes the way you think about business. No longer can companies focus their efforts on process improvements. Instead, they must engage the customer in the use of their product/service rather than analyzing tasks for improvement. We no longer build and hope that there is a demand. We must create demand through our product/service and Lean Service Design is the enabler of this process. It changes our mindset of thinking about design at the end of the supply chain to make it look good and add a few appealing features (all within budget). Instead, it moves design and the user themselves to co-create or co-produce the desired experience to the beginning of the supply chain.

Dan Jones, chairman of the *Lean Enterprise Academy* pointed out in a Business901 podcast that:

> *Sales and marketing traditionally were there to get rid of stuff that was already made a long time ago in a forecast driven, long lead time supply chain. So it was about getting rid of stuff.*
>
> *We are in an era in which customers are part of the supply chain and we can really have a dialogue with customers not just about what they think they'd like, but what they actually would put their money in.*
>
> *In many ways, we are getting real use data back from customer as well as preference data. The next step is of course to get plan ahead data with customers. Because customers can and do have some*

> *knowledge of what they want in the future. But they have no incentive to share it with us in this adversarial consumption mode.*
>
> *I think there is a great deal happening at that interface and the web is going to change every customer interface in a very positive way, one that empowers customers rather than empowers the providers.*

Lean Solutions: How Companies and Customers Can Create Value and Wealth Together was written several years ago expanding the principles of Lean to consumption. The authors, Womack and Jones, detailed a Lean roadmap and asked companies to start providing the goods and services consumers actually want, when and where they wanted them and without burden to the consumer. This book serves as the basis for combining the methodologies of Lean and Service Design. The role of the vendor/supplier relationship is changing. It is not about consumption; it is about participation and value co-creation, a basic principle of SD-Logic (The Service-Dominant Logic of Marketing by Stephen Vargo and Robert Lusch).

Many would argue the Lean is about incremental improvement. It does not allow for breakthrough thinking. I agree that SDCA and PDCA and even the continuous mindset may not deliver breakthrough thinking. However, like most things, you start one step at a time. The culture of Innovation starts with culture of continuous improvement. To start with breakthrough thinking is very difficult and typically not successful. You cannot just turn it on. So starting with PDCA and continuous improvement is the only successful way, to create this "i" (little i) culture.

Ramping it up and truly doing breakthrough thinking, the big "I", is when you must engage and understand your customer/market extremely well. This could be a description of the culture of a Lean company from a Scott Anthony FastCompany Post on innovation:

A classic example of this is how a calligraphy class inspired Apple legend Steve Jobs emphasis on typography on early computers. The professors then detail what they call the "Innovator's DNA," four time-tested approaches successful innovators follow to gather stimuli that spur these connections:

- *Questioning: Asking probing questions that impose or remove constraints. Example: What if we were legally prohibited from selling to our current customer?*
- *Networking: Interacting with people from different backgrounds who provide access to new ways of thinking.*
- *Observing: Watching the world around them for surprising stimuli.*
- *Experimenting: Consciously complicating their lives by trying new things or going to new places.*

I like to use the term EDCA learned from *Graham Hill* to designate the Explore aspect of Lean. I view it as more of Design Type thinking content that allows for that collaborative learning cycle with a customer.

Why Lean? Design and Innovation take place outside the four walls and Lean can be the methodology of choice. It drives both the Little i and the Big I. The first and foremost reason is that it allows the 1st step for innovation. Lean is the primary driver for the little i DNA. As a result, it allows for that culture to spread and create the DNA for the BIG I. Without Lean and the little i, you may never start!

Overview

Lean Service Design Training

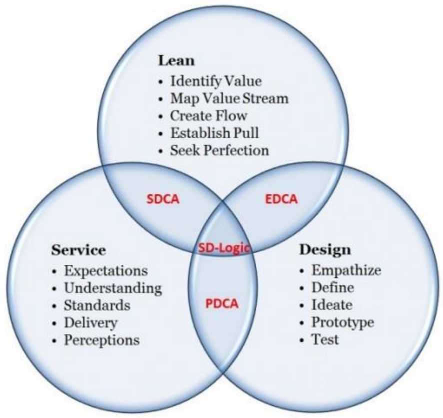
We live in a service centric world. Even companies to include most manufacturers are defined not by their products but the services they offer.

- Can we continue to give away services to sell products?
- Has production capacity slowed that we now have excess overhead?
- Are we so efficient in our services, that we have excess capacity?
- Is it time that we design around our services?
- Is it time to discover, how to develop our services into a profit center?

Lean Service Design changes the way you think about business. No longer can companies focus their efforts on process improvements. Instead, they must engage the customer in the use of their product/service rather than analyzing tasks for improvement. We no longer build and hope that there is a demand. We must create demand through the services that we offer and Lean Service Design is the enabler of this process. It changes our mindset of thinking about design at the end of the supply chain to make it look good and add a few appealing features (all within budget). Instead, it moves design and the user themselves to co-create or co-produce the desired experience to the beginning of the supply chain.

The umbrella of Lean offers Service Design a method of entry into a well-established market. Lean has been very successful in Services and Design through traditional practices. The leap of faith that must occur is to move away from these traditions and institute a wider scope of Design to Services. The Design Thinking concepts that are most commonly associated with IDEO seem to provide the clearest understanding.

The Venn diagram depicts how I view the three disciplines of Lean, Service, and Design. I have included SDCA, PDCA, EDCA as a way to demonstrate the use of Lean in Services and Design. I like to use the term EDCA to designate the Explore aspect of Lean. I view it as more of Design Type thinking content that allows for that collaborative learning cycle with a customer. SD-Logic is the short term for Service-Dominant Logic. Bring this workshop on-site.



Time is spent on application and ways to apply Lean tools in a new context. We will not be attempting to teach you individual tools, rather expose you to the use of tools through SDCA, PDCA, and EDCA and give you resources to dig deeper into a tool if needed.

The Lean Service Design book will start out with the first chapter on Lean and the SDCA Cycle or standard work. The second chapter is the Service Section will demonstrate how to improve a chosen Service Product and implement an improvement process, the PDCA Cycle. The third chapter is the Design Section, which will introduce an innovative approach to your Service Product, the EDCA Cycle. The final chapter is the Trilogy, which discusses the implementation of Lean Service Design through the people side of the equation.

For best understanding, print out your workbook and keep it handy throughout this text. You may also access a video enhanced version of this PDF on line under the Training Tab on the Business901.com website. The url: http://business901.com/implementation/lean-service-design-training/.

Chapter 1

Lean

In product design, there are two thoughts of design. One, the efficient development of products that solve problems for people and the other is to make products more appealing. Services were not designed but “grew and evolved” to sell a product. Many of us believe that all we need to do is create better, more innovative products; the Apple mystic? Can we stay ahead of competition by products alone? Or even with products in general? The product continues to be the primary focus of business.

We have used Lean to make products that are easy to use, manufacture and make money with. Manufacturing is shrinking, and services have become the dominant force of business. Many companies are defined by their services, versus their product. There is a need for organizations to differentiate through service quality and customer experience. However, we still market services in much the same manner as we do products, through features and benefits.

Most Lean Managers lack the aesthetic quality of designers. Most Designers lack the metric driven approach of Lean. Many Service applications are not profitable. The objective of Lean Service Design is to design services as profitable entities or business operating models.

We typically think of Service as a verb or an activity that is consumed by our customers. We think of Service in forms of organizational functions such as Engineering, Purchasing, Shipping, Marketing, Accounting, IT, Human Resources. When we set out to improve one of these functions, we look at how we do the work. We focus on our own activity.

Lean defines the waste in service:

From Wikipedia: *The original seven wastes (Muda (Japanese term)) were defined by Taiichi Ohno, the father of the Toyota Production System. These wastes have been often been redefined to better fit new organizations, industries, or external pressures.*

One redefinition of these wastes for service operations by Bicheno and Holweg (2009) is as follows:

> *1. Delay on the part of customers waiting for service, for delivery, in queues, for response, not arriving as promised. The customer's time may seem free to the provider, but when she takes custom elsewhere the pain begins.*
>
> *2. Duplication. Having to re-enter data, repeat details on forms, copy information across, answer queries from several sources within the same organization.*
>
> *3. Unnecessary Movement. Queuing several times, lack of one-stop, poor ergonomics in the service encounter.*
>
> *4. Unclear communication, and the wastes of seeking clarification, confusion over product or service use, wasting time finding a location that may result in misuse or duplication.*
>
> *5. Incorrect inventory. Being out-of-stock, unable to get exactly what was required, substitute products or services.*
>
> *6. An opportunity lost to retain or win customers, a failure to establish rapport, ignoring customers, unfriendliness, and rudeness.*

7. Errors in the service transaction, product defects in the product-service bundle, lost or damaged goods.

While attacking services from this viewpoint may be productive and worthwhile, it totally misses the point in design. If we intend to make services profitable, we must accept that customers do not care how we do our work. They might not even care that we are incompetent at certain functions (we will talk about this in greater detail later on). The carryover of product thinking that better, faster, cheaper wins is a total misnomer. Improvement for the sake of improvement is totally wasteful. The focus on our own activity encourages internal thinking and misplaces our priorities.

Customers do want us to provide a service to help them achieve a desired outcome. Our first step in the journey is to stop thinking about services as an activity. We will start with where we are comfortable thinking of services as products or deliverables. This will create service products that are countable, occur in discrete units, have names we can make plural (with an s) and often occur as some form of packaged information. There are two types: manufactured products and knowledge/service products. General types of service products include but are not limited to the following:

Plans	Procedures	Courses
Referrals	Reservations	Exhibits
Processes	Presentations	Systems
Reports	Recipes	Consultations
Repairs	Greetings	Diagrams
Designs	Deliveries	Meetings
Answers	Contracts	Schedules
Manuals	Diagnoses	Programs

Strategies	Orders	Transactions
Financial Statements	Specifications	Audits

These should be organized by department.

Identification of the service product is the first step for creating a Lean Service Design.

Use this worksheet to identify Service Products. You will:

1. Name the service/product groups of your department/organization:

2. Narrow that number to seven that you are most familiar with or created yourself.

After completing the worksheet, check your work: Do you answer yes to the following questions?

This exercise is derived from the book Creating a Customer-Centered Culture, and the following is the author's explanation on how to check your work. If you answer yes to any of the following, you have not created a service product.

Is this Service Products (SP) something only you or your immediate work group can claim as yours? For example, a service product name of policy or plan isn't specific enough to claim ownership. Such labels represent whole classes of service products (SP). There are probably others who would also claim these SP as theirs.

Can you make the SP plural? If the label you wrote is followed by "—ing," it is an activity, not a SP product. The SP is the tangible deliverable that is created by activity. Results like satisfaction, assurance, and security also are not service products. They are outcomes (intangible results or conditions) obtained by using the SP.

Does the SP, as named, occur in countable units? Information can only be considered as an SP by the various forms it takes. Reports, graphs, answers, proposals, plans, and manuals are examples of information products. Information is raw material, delivered to others in some organized or packaged form.

Is the Service Product intended to mate a desired outcome or result for a customer? Satisfaction, security, fun, profit, productivity, and knowledge are outcomes your SP might create. Some people confuse outcomes with the SP itself. Direction and leadership are sometimes used by leaders of the organization. The true SP are policies, plans, and strategies which, when used by others, propel the organization in a desired direction. These types of SP are more complicated than the others, and for the moment I would stay away from using them. Leadership is a skill or outcome, not an SP.

Recommended Reading/Listening

Value Enhancement	eBook	podcast
Future of Lean	eBook	podcast
Lean Thinking in Offices and Services	eBook	podcast
Defining the Roles of Lean IT	eBook	podcast

Many people will open up a training page and expect to see it laden with tools and approaches to create QFDs and Value Stream Maps. My approach is a little different; we need training on why we do what we do and then discover the what and how of what we do, starting with the Why – who better to explain it than Simon Sinek.

Simon Sinek has a simple but powerful model for inspirational leadership, all starting with a golden circle and the question “Why?” His examples include Apple, Martin Luther King, and the Wright brothers — and as a counterpoint TiVo, which (until a recent court victory that tripled its stock price) appeared to be struggling.

In 2009, Simon Sinek released the book, Start with Why: How Great Leaders Inspire Everyone to Take Action - a synopsis of the theory he has started using to teach others how to become effective leaders and inspire change. If you have not watched his Ted video, it is well worth the time.

When developing a service design you must be able to articulate the value of it. The first step is determining why you do it. In the Golden Circle worksheet, complete the three-step process for one of the previous determined service products from the previous chart. If you are the adventurous type, complete it for several of the other service products as well.

When we use money as the premise for value, the idea of “what a customer is willing to pay for” makes sense. We certainly pay for the value of a Ferrari. Using this argument, money can be the determining factor of value. However, something about it rubs me the wrong way and by the way; I am a capitalist at heart, so it is not the warm and fuzzy stuff that is causing me to think this way. The term is widespread but in present day scenarios, I think fundamentally flawed. We live in a world that has excess supply, and as a result, we have to start viewing the market from the demand side. So the connotation of what a “Customer will pay for” is problematic for me since it seems to be from an internal focus. The term stems from the process improvement mindset of the 90’s and has stayed with us through the Customer Experience decade. Now, as the User Experience decade is upon us, it is simply not useful anymore.

Many organizations justify improvements by using the word value and customer, internal or external. In fact, the process at times becomes more important than what the customer values. If it is not tied to the marketplace and improvement shown there, why should you do it? The other problem is that someone shows how much savings they created (Cycle Time, Space, etc.) when, in fact, there was none. I equate it to politicians when they slow down the growth of government spending and proclaim it as a cut in spending. What purpose does creating internal value serve without a demand for utilization? Should value not be perceived and created from an outside-in approach versus an inside-out approach? Is that not what Pull is all about?

> *A goods dominant marketing logic arguably limits the mind-set for seeing the opportunities for co-creation of value with customers and other stakeholders of the firm. In a similar way, a transactional exchange view ignores customer loyalty and puts constraints on developing the lifetime value of the customer to the firm. The S-D logic proposes broadening the logic of exchange, both social and economic. – Lusch and Vargo Marketing Theory, 2006*

I have seen a significant shift in the concept of value; Facebook, Twitter, LinkedIn, Craigslist, software companies and others that allow “use” free of charge. It is not a free trial offer. We derive value from it. If we want to extend that value or increase it we pay; Ads, users, membership, etc. Value is something (product/service) that someone uses. For example, if I download software or buy a book but do not “use” it, it has no value even though I purchased it.

It is in the use of the product/service that value is derived. I think of value in 3 ways: Functional, Emotional, and Social. Thinking of a Ferrari (example from my esteem colleague Graham Hill), I use it to drive (functional), it makes me feel good (emotional) and what others think – I am successful (social). All three provide value but without the latter two, I could buy a bike. Using this as a guideline, value (Functional, Emotional, Social) is embedded in the use of the product rather than the price.

Forrester predicts that by 2012 half of all consumer purchases will either be transacted online or driven by online research and word of mouth. To succeed in the digital marketplace, it's no longer customers that matter most, but *users*—anyone who interacts with your company digitally. Keep users happy, and customers follow.

If we only let price be the governing factor, would value only be a commodity? I think it is more about users and the use of the product that determines value, Facebook being a prime example.

"Today's most successful companies organize their business around users and building user satisfaction," writes Aaron Shapiro CEO of digital agency HUGE in his book Users, Not Customers: Who Really Determines the Success of Your Bus….

> *Today's most critical driver of success is **usability excellence.** Users will be your growth engine for your customer base and for your entire organization!*

We will discuss Service-Dominant Logic in great detail but for now, download this PDF and try to attach the Functional, Emotional and Social aspect of several service products.

Anne Morriss, the bestselling co-author of Uncommon Service says, *We live in a world where lots of organizations want to deliver great service. We work with managers all the time, who are committed to it. Customers, as we know, are hungry for it, and yet, our service experiences are still overwhelmingly negative. In pursuing this question, what became clear is that past excellence is not necessarily intuitive. It's not about trying harder, deciding the customer is always right. It's more about making careful design choices and very deliberate tradeoffs. There are some surprising rules and pitfalls along the way. We wanted to get some of those insights out in the world because we think, basically, the world is ready for it.*

This is an excerpt from the Business901 podcast with Anne. In the podcast, we discuss the four universal truths, outlined in the book, for delivering uncommon service:

1. You can't be good at everything.
2. Someone has to pay for it.
3. It's not your employees' fault.
4. You must manage your customers

The book's website is an excellent resource and I encourage you to take the survey and utilize the Service Design Tool (free if you give up your email) located there. This is a very challenging perspective for most of us. However, I think you will find the information to be well researched and presented in a compelling fashion.

We have made a subtle shift from thinking about service product from an inside-out perspective to an outside-in perspective.

Recommended Reading/Listening

Uncommon Thoughts about Service	eBook	podcast
Developing an Outside – Strategy	eBook	podcast
Escape the Improvement Trap	eBook	podcast
Managing Value Streams/Nature of Value	podcast	podcast

Do you know the right job for your product? From Innosight and authored by Clayton M. Christensen, Scott D. Anthony, Gerald Berstell, Denise Nitterhouse (though this conversation was about products, it applies equally to service products):

> *The market segmentation scheme that a company chooses to adopt is a decision of vast consequence. It determines what that company decides to produce, how it will take those products to market, who it believes its competitors to be and how large it believes its market opportunities to be. Yet many managers give little thought to whether their segmentation of the market is leading their marketing efforts in the right direction. Most companies segment along lines defined by the characteristics of their products (category or price) or customers (age, gender, marital status and income level). Some business-to-business companies slice their markets by industry; others by size of business. The problem with such segmentation schemes is that they are static. Customers' buying behaviors change far more often than their demographics, psychographics or attitudes. Demographic data cannot explain why a man takes a date to a movie on one night but orders in pizza to watch a DVD from Netflix Inc. the next.*

> ***Product and customer characteristics are poor indicators of customer behavior****, because from the customer's perspective that is not how markets are structured. Customers' purchase decisions don't necessarily conform to those of the "average" customer in their demographic; nor do they confine the search for solutions within a product category.* ***Rather, customers just find themselves needing to get things done.*** *When customers find that they need to get a job done, they "hire" products or services to do the job. This means that* ***marketers need to understand the jobs that arise in customers' lives for which their products might be hired.*** *Most of the "home runs" of marketing history were hit by marketers who saw the world this way. The "strike outs" of marketing history, in contrast, generally have been the result of focusing on developing products with better features and functions or of attempting to decipher what the average customer in a demographic wants.*

In a discussion I had with Alex Osterwalder, he spent a great deal of time talking about this concept and how it relates to Customer Value. Alex is the author of the Business Model Generation and featured in the related information section below.

This is a similar concept to Service Design via Service-Dominant Logic, where the foundational belief is that value is derived through the use of your service product. Your service product is only an enabler of value. Utilizing this concept, can your product/service be given away for free and as a result be paid for through the use of it? Let's say Xerox gives us a printer and services the printer for free and gets paid on the use of it. Zipcar is another example – you only pay when you use it. There may be a minor membership fee but the real cost would be associated with the use.

Answer these questions:

1. Do you have examples where the value in use concept is used within your organization?
2. Is highlighting "value in use" an effective marketing tactic?
3. Can you segment markets through how a service product is used?
4. Do you have other questions that this concept raises?

The Business Model Canvas is an analytical tool outlined in the book Business Model Generation. It is a visual template preformatted with the nine blocks of a business model, which allows you to develop and sketch out new or existing business models. This book has sold over 220,000 copies in the past two years and has established itself as one of the leading sources of modeling for both startups and established businesses.

I have found it to be challenging for many companies to document and develop a consensus on Standard Work of a service product. It will be met with resistance, but it is the one thing that can have a significant impact, almost immediately. I am not talking about developing call scripts, checklists, etc. I am talking about characterizing how we do things or in other words, providing clarity. At that point, best practices will surface and a few bad ones will be obvious even to the naysayers.

Many will want to jump into Lean Practices of Value Stream Mapping, Process Mapping and even Customer Journey Mapping as the first step, start improving a process. I think that is too cumbersome. I use the Business Model Canvas as my first step. The nine blocks that make up this canvas provides the organization the necessary structure needed. Please watch the video on *Identifying Value with the Business Model Canvas***.**

Dr. Alexander Osterwalder is a sought-after author, speaker, workshop facilitator and adviser on the topic of business model design and innovation. He has established himself as a global thought leader in this area, based on a systematic and practical methodology to achieve business model innovation. Executives and entrepreneurs all over the world apply Dr. Osterwalder's approach to strengthen their business model and achieve a competitive advantage through business model innovation. Organizations that use his approach include 3M, Ericsson, IBM, Telenor, Capgemini, Deloitte, Logica, Public Works and Government Services Canada, and many more.

Alex's Websites: http://www.businessmodelalchemist.com

Another Use of the Canvas, remember making it your own has value!

Value co creation canvas by wim rampen from Wim Rampen

Post from Alex Osterwalder discussed in the Business901 Podcast – The Customer-Value Map

Download both of these and tape them to your wall!

Business Model Canvas Poster V.1.0 from Alexander Osterwalder

Customer Journey Canvas from the book, This is Service Design Thinking

Try to complete the Business Model Canvas from one of your previous service products. Pick the one you know best and see if you can complete the canvas. If you have to make a guess, use a different color post-it note for that section. Part of creating a Lean Service Design is substantiating a few of your hypotheses. When finished, hand it off to a colleague and see if they agree. What is difficult to do is to remain in designing the current state if this particular service product has not been offered to the marketplace, pay attention not to change the current state. You may have a few gaps, but we are defining the current state at the moment. Take a stab at completing the Business Model Canvas before continuing.

Recommended Reading/Listening

What's new in Business Model Generation?	eBook	podcast
Gemba Talk with Dr. Womack	eBook	podcast #1
Gemba Talk with Dr. Womack		podcast #2
Best in Market thru Six Sigma Marketing	eBook	podcast

Value Streams differ from the more traditional approaches found in other Value Stream Mapping Processes. Its primary focus is not the discovery of waste but of process improvement with a very specific strategic intent, delivery of superior value for the execution of an organization's value proposition. This means that the focus of the analysis must be on those Value Streams and processes within those Value Streams that have the most substantial impact on the most important value drivers. These are the drivers that customers are telling you create value. Please watch the video *Mapping the Journey*.

The Value Stream Map (Current State) points out those critical value delivery processes as they currently exist. The map then provides the Value Stream Mapping Team with the template to redesign the value delivery process to:

- Increase the responsiveness of the system
- Enhance its value delivery capacity
- Deliver greater customer quality at a reduced cost to the organization.

The key to effective Value Stream Mapping is in mapping the right processes, identifying all process linkages to key customer contacts, making dramatic improvements on key customer benefits, eliminating only those costs that don‘t contribute to outstanding value delivery, and monitoring the impact of those improvements on your market-perceived value proposition. These are only achievable if the analysis is driven by your customer value information. The effects of superior value delivery manifest themselves in a number of different ways. Superior value deliverers can leverage their value position to:

- Increase share of the customer
- Increase market share
- Increase goodwill
- Improve cross selling efforts and results
- Avoid the trap of price competition
- Increase profitability
- Decrease operating costs
- Enhance word of mouth
- Decrease negotiation and bidding of customers

Review the Trilogy Customer Journey Map

I create my journey maps by hand and transfer them to an Excel spreadsheet for sharing electronically. There are more sophisticated software tools that have been used for this purpose but most of them distract from the learning experience. I encourage using no more than a pad, pencil, different sizes and colors of sticky notes and the worksheets throughout the remainder of this course.

Review the slide presentation on the Lean Marketing Game. It will assist you in completing the Customer Journey Map.

The Customer Journey Map defines the Service Period (Service Journey, Experiences) in Lean terms; we have mapped the current state and defined the current flow. This action should be completed for each Service Product that you have defined. I would recommend working with an existing process so the steps of PDCA can be readily applied in future lessons. Do not try to get too granular at this time. The missing steps can be applied later.

Recommended Reading/Listening:

Using Value Stream Mapping	eBook	podcast
Check out this Lean Journey	eBook	podcast
Applying Value Stream Concepts	eBook	podcast

In Lean Service Design, you will utilize a Value Stream Mapping process on a project by project basis but it is typically limited to an internal process. It is a difficult correlation for customer facing experiences. The preferred method of mapping the customer experience is through a journey map. I prefer two styles; one a basic Excel Template that is very similar to a typical Swim Lane chart commonly used in Lean.

Another is a circular method demonstrated by the Lego Wheel. Lego uses a tool called a 'customer experience wheel' to map an existing experience. "We understand what is and what is not important to the customer in that experience and then we design a 'wow' experience to improve it." Though I like the wheel better I have not found a program that could make it easy for me to draw and distribute.

The advantage of creating this map utilizing the Excel template is that you can easily add notes and drill down further into a process by adding columns and rows. If you want more information on how to create a journey map, see below, this is an excellent slide show describing the process, The Journey Mapping Guidance Cabinet Office.

A good post on discussing some of the pros and cons of different types of Journey Maps can be found at Visualizing the customer experience using customer experience journey maps.

Now that we have considered mapping a process and understating the Why and the What, we don't just jump to design. We regroup and consider improving organizational standards for efficiency, effectiveness and success or 5s.

5s is a systematic corrective action technique to clean up, get organized and make this the way you do business. In service organizations, the problems identified in 5S not only rob your organizations' productivity but also your customers.

Service environments are especially prone to this waste. Often, it is blamed on the lack of standardization. Every job is different. However, how much time is spent searching for misplaced files or sifting through piles of paperwork on desks? T work is hidden as we blame technology when we cannot find something. How much blame is put on computers and software because of the lack of organization and cleaning taking place?

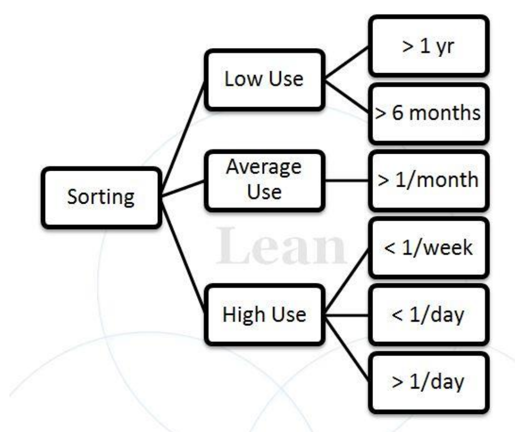
One of the measures used in Office "Kaizen" is percent accurate and complete. This is discussed in several of my podcasts with Mike Osterling and Karen Martin, experts in White-Collar Kaizen. The percent accurate and complete becomes particularly important when these duties are handed off to others and to customers.

Many organizations will complete a 5s process without doing the last two steps. It is the act of Standardization that drives Sustainability. Without these components, the gains that you create in the first three will be lost.

When a 5s system is implemented, it creates a visual workplace that allows for quick determination of current state. In Service, Sales and Marketing, visual indicators are often non-existent. As Dr. Gwendolyn Galsworth said in a podcast to me, "If you are not visual, you are not Lean." At a glance, we should be able to determine failures in our service system.

I recommend by implementing 5s prior to proceeding with the other components of Lean Service Design. Laying a solid foundation for improvement is imperative. I have included several suggestions on this 5S outline.

Sorting Example



Up to this time, we have gathered information about Value, Experiences and Journeys. In ways that you may not consider very Lean "like", I did this purposely, one to open up your thoughts from an internal to an outside perspective. Secondly, to demonstrate your clarity or lack of clarity about the services you provide.

Are you ready to implement! Do you have the Business Model Canvas completed for a service product? Most of you won't. What you may have discovered is that lack of clarity within your organization, in other words the lack of your organization to EXECUTE. It is not uncommon and it seems to be the buzzword for this year's book publishing. My favorite book is The

Advantage: Why Organizational Health Trumps Everything Else In Business by Patrick Lencioni and an outtake from the book description:

> *There is a competitive advantage out there, arguably more powerful than any other. Is it superior strategy? Faster innovation? Smarter employees? Lencioni argues that the seminal difference between successful companies and mediocre ones has little to do with what they know and how smart they are and more to do with how healthy they are. Simply put, an organization is healthy when it is whole, consistent and complete, when its management, operations and culture are unified. Healthy organizations outperform their counterparts, are free of politics and confusion and provide an environment where star performers never want to leave. In this age of informational ubiquity and nano-second change, it is no longer enough to build a competitive advantage based on intelligence alone. The Advantage provides a foundational construct for conducting business in a new way—one that maximizes human potential and aligns the organization around a common set of principles.*

How do you start providing clarity? You have done much of the work with the two canvases, already. Now is where we will need to standardize the Service Product. Even before that we need to use the Lean practice of 5S. It is beyond the scope of this eBook to 5S the Business Model Canvas, but instead review the Customer Journey Map you completed early by watching this video: *5S the Customer Journey*

Recommended Reading/Listening

Lean Office Kaizen Event	eBook	podcast
Holding Successful Kaizen Events	eBook	podcast #1 podcast #2
Visual Workplace, Visual Thinking becoming Lean	eBook	podcast #1 podcast #2
Individual Lean Transcription	eBook	podcast

In summary, this chapter centered on the Lean Principles of Identifying Value and Mapping a Value Stream with preliminary steps of Creating Flow, Establishing Pull and Seeking Perfection. We did this through the introduction of Service Products, Business Model Canvas, Customer Journey Canvas and 5s.

Actions during the first chapter have been to identify three primary “Service Products” from a list of seven. From the three, you should have tried to complete the following for at least one of them, if not all three.

1. Service Products
2. Golden Circle
3. SD-Logic Worksheet
4. Uncommon Service
5. Business Model Canvas
6. Customer Journey Canvas
7. Trilogy Journey Map

Several of these items, most often the Business Model Canvas, may have been difficult to complete. It is OK to guess or form a hypothesis. I only warn you that as you share these you may want to remove your “guesses” and leave others to add their own thoughts. Alternatively, introduce your thoughts in a controlled brainstorming session.

The goal for the first chapter is to create at least one Trilogy Journey Map bringing an outside-in perspective to the map and in addition the Lean perspective of Standard Work. Why be concerned about Standard work in Service and Design?

First and foremost is whether we want to accept it or not, the majority of our time, our organization's time, is spent performing Standard Work. Secondly, our customers come to us because of standard work. It is our brand. I do not take these two statements lightly. If you want to make a difference in your services, spending time on managing and improving Standard Work is the single most important element of your business.

When Steve Jobs returned to Apple, the first thing he did was in essence: 5s the Standard Work. He Sorted, Straightened, Shined, Standardized and built a Sustainable group of products. To this day, the Apple advantage is in its simplicity. You can continue to put all their products on a single table. Their strength is in enabling the use of their products.

You may have a mixture of Service Products:

1. Service Products that are offered for sale.
2. Service Products that are an integral part of supporting your product sales.
3. Service Products that you provide free of charge.
4. Service Products that are only utilized internally.
5. Other: ________________________________

I would recommend completing the exercises for a service product in each of the categories. Even if you cannot complete all the exercises at this time, it may assist you in developing a new service product or bundling services later for a more complete product package.

Chapter 2

Service

Traditional thinking normally defines services along these types of categories:

1. Deeds, processes, and performances.
2. Intangible activities that take place in interactions with customers
3. Output is not a physical product
4. Consumed at the time it is produced and provides added value
5. Ownership not normally taken
6. Time perishable

Lean has reacted and supported the improvement of services through the foundation based on Deming's 14 Points Applied to Services (Quality and Reliability). In Deming's view, management was responsible for 85 percent of all quality problems and, therefore, had to provide leadership in changing the systems and processes that created them. Management needed to refocus attention on meeting customer needs and on continuous improvement to stay ahead of the competition. His philosophy is captured in his 14-point program:

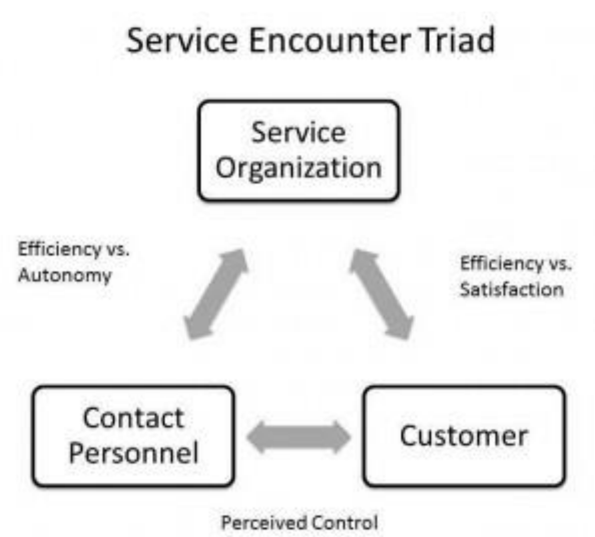
1. **Create constancy of purpose for improvements of product and service**. Management must stop its preoccupation solely with the next quarter and build for the future. Innovation in all areas of business should be expected.
2. **Adopt the new philosophy.** Refuse to allow commonly accepted poor levels of work, delays, and lax service.
3. **Cease dependence on mass inspection.** Inspection comes too late and is costly. Instead, focus on improving the process itself.

4. **End the practice of awarding business on price tag alone.** The purchasing department should buy on the basis of statistical evidence of quality, not on the basis of price. Reduce the number of vendors, and reward high-quality suppliers with long-term contracts.
5. **Constantly and forever improve the system of production and service.** Search continually for problems in the system, and seek ways of improvement. Waste must be reduced and quality improved in every business activity, both front office and back office.
6. **Institute modern methods of training on the job.** Restructure training to define acceptable levels of work. Use statistical methods to evaluate training.
7. **Institute modern methods of supervising.** Focus supervision on helping workers to do a better job. Provide the tools and techniques to promote pride in one's work.
8. **Drive out fear.** Eliminate fear by encouraging the communication of problems and expression of ideas.
9. **Break down barriers between departments.** Encourage problem solving through teamwork and use of quality-control circles.
10. **Eliminate numerical goals for the workforce**. Goals, slogans, and posters cajoling workers to increase productivity should be eliminated. Such exhortations cause worker resentment, because most of the necessary changes are outside their control.
11. **Eliminate work standards and numerical quotas.** Production quotas focus on quantity, and they guarantee poor quality in their attainment. Quality goals such as an acceptable percentage of defective items do not motivate workers toward improvement. Use statistical methods for continuing improvement of quality and productivity.

12. **Remove barriers that hinder hourly workers.** Workers need feedback on the quality of their work. All barriers to pride in one's work must be removed.
13. **Institute a vigorous program of education and training.** Because of changes in technology and turnover of personnel, all employees need continual training and retraining. All training must include basic statistical techniques.
14. **Create a structure in top management that will push every day on the above 13 points.** Clearly define management's permanent commitment to continuous improvement in both quality and productivity.

I am a firm believer and follower of Deming. These 14 points apply as much today as they did when they were first written. However, I believe that many Lean Practitioners have taken these points and internalized them. We need to re-think these points, placing the customer and user experience in the center.

Adapted from Service Management:



One of the unique characteristics of services is the active participation of the customer in the service production process. Every moment of truth involves an interaction between a customer and a service provider; each has a role to play in an environment staged by the service organization. The service encounter triad shown captures the relationships between *the three parties in the service encounter and suggests possible sources of conflict.*

The managers of for-profit service organizations have an interest in delivering service as efficiently as possible to protect their margins and remain competitive. Nonprofit service organizations might substitute effectiveness for efficiency, but they still must operate under the limits imposed by a budget. To control service delivery, managers tend to impose rules and procedures on the contact personnel to limit their autonomy and discretion when serving the customer. These same rules and procedures also are intended to limit the extent of service provided for the customer and the resulting lack of customization that might result in a dis-satisfied customer. Finally, the interaction between contact personnel and the customer has the element of perceived control by both parties. The contact people want to control the behavior of the customer to make their own work more manageable and less stressful; at the same time, the customer is attempting to gain control of the service encounter to derive the most benefit from it.

Ideally, the three parties gain much by working together to create a beneficial service encounter. The moment of truth can be dysfunctional; however, when one party dominates the interaction by focusing solely on his or her own control of the encounter.

Think about each touchpoint you created in the previous Trilogy Journey Map. Can you distinguish who has the perceived control of the encounter? Are you willing to give up control to achieve a better outcome? Should you?

In The Service-Dominant Logic of Marketing edited by Robert Lusch and Stephen Vargo, they present the case to use SD-Logic as a foundation versus a total integrative marketing method. I believe that Lean viewed through the lens of PDCA as a knowledge creation platform can serve as the vehicle for implementation of this Logic. The principles of SD-Logic cannot be implemented in various silos of an organization, just as the basic principles of Lean cannot. It requires a cultural and fundamental shift within the organization, placing the customer and user experience at the center.

This Service Module is filled with examples of creating a PDCA culture of continuous improvement in the service fields. To prepare yourself stop thinking of creating services. Think about improving them. We are working with services that already exist.

This leads us to Service Quality. It is a challenge because customer satisfaction is determined by many intangible factors.

Toyota has led us through the turn of the century and beyond establishing "Respect for People" as one of the most important ingredients of the Toyota Production System and Lean Thinking. This has led to establishing a culture of Servant Leadership versus the more traditional command and control type organization. This type of thinking, in conjunction with Kaizen (continuous improvement), is the basis of Lean Culture.

However, the age of process and improvement methodologies is starting to fade as the customer experience comes to the forefront. The methodologies of Service Design and Design Thinking are moving at a rapid pace. Lean, due to its core concepts of going to Gemba or viewing things from the customer perspective, is the one process methodology that is in a position to readily adapt to these new forces. The Lean Startup and Agile Movements are excellent examples.

Customer Experience is at the forefront of not only marketing but organizational structure as evidenced by the corporate shifts such as IBM to a more Customer-Centric structure. Zappos may be the shining example and the organization to emulate in this new culture. What about this? Is Zappos to Customer-Centricity what Toyota and Lean was to the process movement?

For additional reading: The Zappos Experience: 5 Principles to Inspire, Engage, and WOW. Author, Joseph Michelli, takes you through the Zappos company culture revealing what occurs behind the scenes and showing how employees at all levels operate on a day-to-day basis while providing you with the leadership methods that have earned the company $1 billion in annual gross sales during the last ten years. Michelli breaks the approach down into five key elements:

1. ***Serve a Perfect Fit****—create bedrock company values*
2. ***Make it Effortlessly Swift****—deliver a customer experience with ease*
3. ***Step into the Personal****—connect with customers authentically*
4. ***S T R E T C H****—grow people and products*
5. ***Play to Win****—play hard, work harder*

Not exactly PDCA, but it may be the future of organizational culture.

How hard is it to change? The fact is most weight-loss programs work. The problem is most people, most organizations don't master the programs in order to make them successful. As Dan Pink said, "Mastery is hard." Hence, less than 1% of companies are successful with Lean or even something as simple as a weight loss program. You can find plenty of advice; you can read books, go to seminars and enroll in programs. I am not against professional advice mind you; they have experience and knowledge that you may not have in your organization. But this is where your plan may break down. Look at all your diet plans for example, why do they stop working? It's you, not the plan.

What does work is the same thing for both people and organizations. It is the scientific process of trial and error. You don't get it right at first, you have to break habits, personal habits as an individual and company cultures as an organization. Successful companies do it a little bit at a time. In Lean, we call this scientific method PDCA. We plan, do it, check the results and adjust. It is a purposeful experimentation.

To me, the excitement of Lean is this empowering aspect that is not easy. You teach people, rather than solve people's problems for them. And in doing so, they learn how to make better decisions which leads to better performance.

Dr. Michael Balle stated in an interview with me, *"Lean gives you an ideal; it's a commitment to an ideal."* More importantly, you must understand your own organization, the culture that exists and the culture that your customers expect and are willing to derive value from. You have to make the process your own. You have to rid yourself of Lean or other business processes. Successful companies that started down a Lean path are not Lean anymore, only the unsuccessful ones are. If you are successful at implementing Lean, it is simply not Lean. It's yours.

Does the Customer Experience mimic the Employee Experience? That is what Zappos is all about! So how would you create that fun game type culture? Of course, I turned to Gamification which has been used primarily to focus on marketing and extending the customer experience. If you have to mimic the internal structure to the external, should not Gamification apply internally. I turned to my favorite Gamification resource, Amy Jo Kim, and reviewed a recent slide deck of hers that was based on 7 Core Concepts for creating Compelling Products.

1. *Know your players: design for their personal & social needs*
2. *Build fun/pleasure/satisfaction into your core activity loop*
3. *Design for 3 key stages of your players' lifecycle*
4. *Build a system that's easy to learn and hard to master*
5. *Use game mechanics to "light the way" towards mastery*
6. *As players progress, increase the challenge & complexity*
7. *Embrace intrinsic motivators like power, autonomy & belonging*

"Play is nature's learning engine," says games researcher and author Aaron Dignan. In other words, we're hardwired to enjoy games – they're addictive, skill-building, and satisfying. So the question is: How can we integrate game concepts into our work lives to help us push ideas forward?

I have come to believe that in many successful companies there is not a lot of low-hanging fruit left. They simply cannot make efficiency changes that will create significant differences in the market place. Does that mean you should stop? Not at all, that's part of the dilemma. Your competitors are improving so that means the bar is continuously being raised.

Our services are quickly commoditized, and as a result our advantages are short-lived. So how can you develop an advantage? First, you must understand your value proposition and how your customer values it. Secondly, you must have the ability to share and create knowledge with your customer at a quicker rate than your competitor. Many will hate the simplicity of how that sounds but that is it. Restating it slightly, driven by a clear understanding of the values that your organization provides and being open to redefining that value (customer needs change) through pursuing and listening to your most important customers is what is needed. That ability to interact with your customers in this way allows us to outperform our competition hands down. This is not something you can do by becoming customer–focused. You must become customer-centric. From the book [Designing Your Organization: Using the STAR Model to Solve 5 Critical Design Challenges], the authors discuss the differences:

> *Customer-focused strategies and initiatives usually apply to how (services) products are developed and how customer interactions—sales and service—take place. Companies that are customer focused use extensive market research and may even involve customers in the design of their products and services. They create (services) products that customers want rather than trying to build demand for the (services) products they are able to produce. They invest in the training and systems that allow frontline employees to provide smooth and consistent service in transactions. Customer-focused programs, processes, and systems improve an organization, but they do not transform it. Customer-centric strategies do transform an organization. Put simply, a customer-centric organization brings together and integrates products, services, and experiences from within and beyond the firm to provide solutions to the complex and multifaceted needs of its customers.*

You must become a customer-centric organization. In the aforementioned book, the authors use the example of the IRS. Originally it was structured based on geography but in the late 1900s, it was reorganized into four customer segments containing groups of taxpayers with similar characteristics. They go on to list the Customer-centric advantages:

- Customize for customers
- Build in-depth relationships and customer loyalty
- Create more value-added product and service bundles and solutions

- Avoid commoditized services and competition on price alone

There are disadvantages that take place and they listed:

- Divergence among customer/market segments in focus and standards
- Duplication of resources and functions
- Challenge of measuring customer profitability and identifying appropriate segments

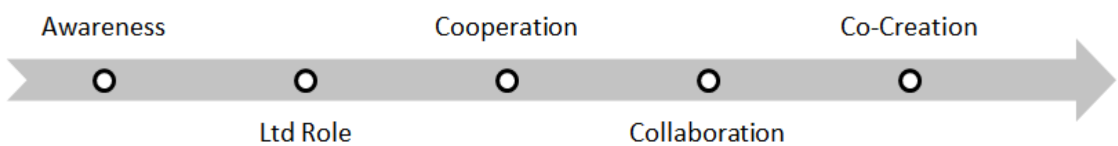
I find the area of organizational structure fascinating and an area that needs to come to the forefront as the shift to stronger customer interaction takes place. Another facet that is discussed in the book is for this transformation to take place; re-organization must occur. The structure of the organization is no different than any other process within your organization. It must be structured to facilitate the objectives it is trying to achieve. I think organizational structure deserves serious consideration before contemplating process improvements, especially in the service arena. The organizational structure is adaptable to the level of integration needed based on the degree of complexity and the number of services offered to a customer segment. It is not an undertaking that should be done or is needed by all. However, it is worth further study if your improvement efforts are stalled. It may be that organizational change/structure is needed. Note: The organizational construction discussed is based on five components of the Five Star Model developed by Jay Galbraith and explained in Designing Matrix Organizations that Actually Work: How IBM, Procter & Gamble and Others Design for Success (Jossey-Bass Business & Management).

How much interaction do you need with a customer? Determine your iCustomer Level for the Service Products in your list.

If the customer interaction (**iCustomer)** is an important part of marketing, you should be able to measure it. But first, let's review a few of other popular "scores" out there. **Net Promoter** is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix. It was introduced by Reichheld in his 2003 *Harvard Business Review* article "The One Number You Need to Grow". The most important proposed benefits of this method derive from simplifying and communicating the objective of creating more "Promoters" and fewer "Detractors". The Net Promoter Score is obtained by asking customers a single question on a 0 to 10 rating scale, where 10 is "extremely likely" and 0 is "not at all likely": "How likely is it that you would recommend our company to a friend or colleague?" Based on their responses, customers are categorized into one of three groups: Promoters (9–10 rating), Passives (7–8 rating), and Detractors (0–6 rating). The Klout Score is a measure of your online influence based on your ability to drive action. Every time you create content or engage, you influence others. The Klout Score uses data from social networks in order to measure:

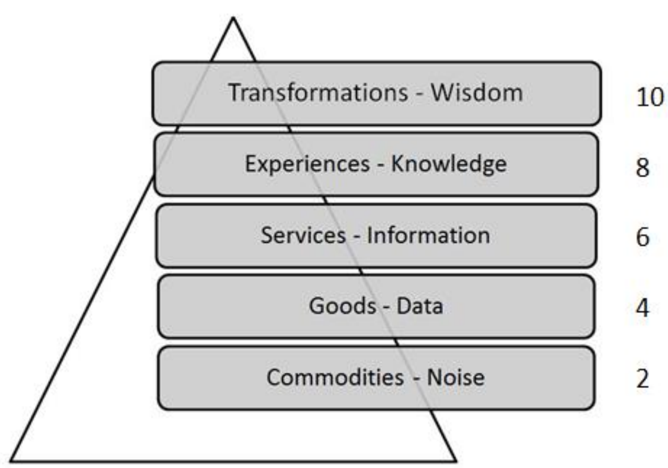
- **True Reach:** How many people you influence
- **Amplification:** How much you influence them
- **Network Impact:** The influence of your network

There are of course opponents of each but both are exceptionally good tools when used in the correct way. They give you a measure of how others view you or your product/service. But they do little in the way of informing you how much interaction is required with a customer. Organizations need to have healthy relationships and interactions with their customers. However, they need to know how much interaction is needed based on the product or level of service being delivered. There are two components of the iCustomer Level. One is the depth of your organization's customer interactions. Second is the Progressions of Economic Value and as it corresponds to a level of Progression of Value Intelligence as described in Pine and Gilmore's The Experience Economy: Work Is Theater & Every Business a Stage. Starting on the horizontal axis, review both ends of the spectrum with 0 as no interaction and Co-creation of products as a 10 and the highest form of interaction. On that scale of 1 to 10, rate the state of interactions with your customers today. It will have more value if you do this by individual customer segments.



On the vertical axis use the Progressions of Economic Value and corresponding to a level of Progression of Value Intelligence. The Pine and Gilmore description of each stage suffices for the needed scaling:

- If you charge for stuff (noise), then you are in the commodity business
- If you charge for tangible (data) things, then you are in the goods business.
- If you charge for the activities (service) you execute, then you are in the service business.
- If you charge for the time (experience) customers spend with you, then you are in the experience

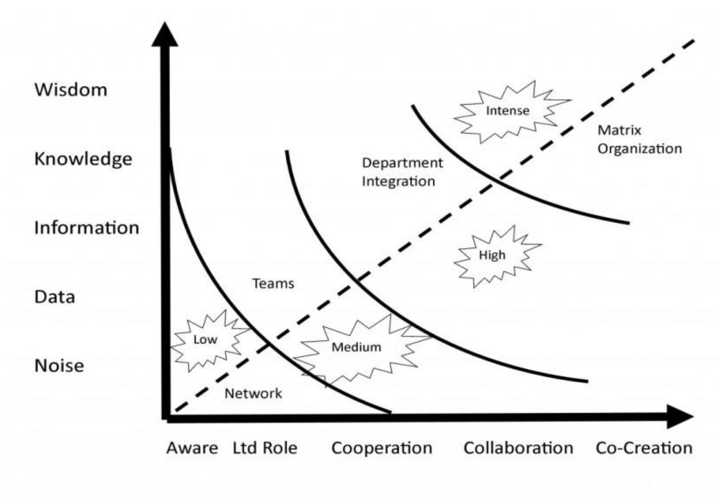


business.

- If you charge for the demonstrated outcome (wisdom) the customer achieves, then and only then are you in the transformation business

The iCustomer level is not a tangible number. It is strictly based on the degree of interaction your organization needs based on the products/services it is delivering. You cannot afford to give high level support when delivering a commodity. Nor can you give a low level of support when you are part of a transformation. There is not wrong or right answers but is meant to serve as a guide. It is a way to create a path for discussion, such as:

- Are we supplying too little or not enough interaction?
- Do we view our position the same as customers do?
- What is (is not) working?
- What is the expectation of the other?
- Who/What needs to be communicated?
- What type of support is needed?
- Can I strip something away and sell it as a commodity?
- Can we add support and sell it as an experience?



I would recommend that you create your own iCustomer chart with your own scaling. Change the vertical axis to your own progression of services (See the blog post, The 7 step Lean Process of Marketing to Toyota). If there are no plans ever to co-create service products with a customer, why put it on the horizontal axis? Make the iCustomer your own and debate it internally and externally. Leave it become a discussion point. Try your hand at creating a iCustomer diagram.

Recommended Reading/Listening

Does Lean solve some problems for ROWE?	eBook	podcast
Developing a winning Culture the Zappos way!	eBook	podcast
Small Business Lean	eBook	podcast
Creating a Great Workplace	eBook	podcast

If you took anything away from the previous discussion, I hope that you realized that Service is a people thing. Yes, we can automate and many customers even prefer self-service but by and large we need the right people to deliver the right service at the right time and at the level of service that the customer expects. First, we have to start with our employees; I call it that Zappos' thing. The Customer Experience will mimic the Employee Experience. We need to get it right from the beginning and that is why all the effort is put into that upfront at Zappos and also at Toyota.

Who else does it right? Zingerman's Deli in Ann Arbor, MI is another example of a company that gets it right. Zingerman's went from a 25-seat, 4-person start up to a nationally known, $40,000,000 organization, employing over 500 people.

Besides the great food and great service and catalog littered with special gifts and even more unique food, Zingerman's left a special mark on a venture into the retail business that my wife and I did for six years. It was Ari's book, Zingerman's Guide to Giving Great Service that provided our outline for the service that we would provide and train our staff. I find the Zingerman model an excellent guideline for many retail operations. In fact, very few things are difficult to do; it is just a matter of doing it.

There has been a fair amount written about designing a customer experience and more specifically how the interpretation of theater can help. The most ready reference on the subject is Interactive Services Marketing by Ray Fisk, Steve Grove and Joby John. Service Theater is based on the metaphor of services as theater, which they have been writing about since 1983. From their website:

> *By Service Theater we mean that services involve the same theatrical elements as a stage production: actors, audience, setting, frontstage, backstage, and a performance:*
>
> - *The actors (service workers) are those who work together to create the service for the audience (customers).*
> - *The setting (service environment) is where the action or service performance unfolds.*
> - *The front stage actions that service actors perform for the customers usually rely on significant support from the backstage, away from the audience's inspection, where much of the planning and execution of the service experience occurs.*
> - *The performance is the dynamic result of the interaction of the actors, audience, and setting.*

But seldom do we look at the customer experience through the entire supply chain. We view it as a “marketing” thing. However, designing a customer experience seldom works unless your organization is actually living it.

Metaphorically speaking the actors are the customer-facing team or the Front-stage crew. Back-stage is your support cast. The traditional stage of course, is the platform that your customer sees to include website, signage and such. In the service examples above it seems well-defined and understandable how this analogy works.

Can it work in SD-Logic (The Service-Dominant Logic of Marketing by Stephen Vargo and Robert Lusch) where the premise that products and services only create the opportunity to provide value. Value is created only when the customer uses the product or service. So the Front-stage is your customer using your product.

Viewing the Front-stage in this sense, you put a greater premium on value in use! It re-defines your sales and marketing efforts and the rest of your supply chain on supporting the customers in their process of creating value. The stage must provide a platform for customer engagement that will increase a network of relationships between organizations. Can actors and the audience be entwined this way? Is that the experience that Starbucks creates?

Observing Zappos and Zingerman’s is an enlightening process. You would even think that the service they provide could sell anything. Do you think the carry-out, catalog and other orders at Zingerman’s could be carried out by Zappos personnel? Or, do you think that Zingerman’s personnel could sell shoes at a retail location. I do! What they do well is that they have identified who they are, and they live it. It is their brand.

Do you know what your brand stands for? What your customer thinks your brand stands for? I hesitated to go too deep into branding at this juncture but to complete this exercise, I felt it a necessity. From the book Branded Customer Service: The New Competitive Edge, the authors' state:

> *Only by understanding the underlying processes that drive the relationship between brands and people can companies achieve successful alignment to customer service. The underlying process of defining the space your brand occupies involves*
>
> - *Establishing a justification for the value of the brand and a picture of the brand's future aspirations*
> - *Defining how the brand's promises and differentiators are to be delivered*
> - *Clarifying how the brand is to be seen in the marketplace and establishing its personality in relationship to the organization's business ideas, staff capabilities, and customer needs*

Let's first start with some basic branding exercises:

1. Bring in magazines and have groups make collages of the brand. Encourage a creative atmosphere. Afterwards have them list the features of the brand. Swap collages and have the other groups compare. You can choose to swap collages between all groups. Post on wall and discuss.
2. Have the group(s) describe a particular good customer experience. Afterwards discuss how the customer experienced your brand.
3. Have the group(s) describe a particular bad customer experience. Afterwards discuss how the customer experienced your brand.
4. If possible, include customers in these discussions

5. Have a group of salespeople demonstrate selling your brand and list the features presented.

What we need to review is our services, service-products and touchpoint. Are they on-brand or off-brand? The following exercises adapted from the above mentioned book are designed to help you determine whether your service either supports your brand promise or fails to deliver it.

1. Customer Touchpoints: Using Trilogy Journey Map, highlight each touchpoint if you are on or off brand. Think about 5s again. If you are off-brand eliminate these activities if you cannot bring them back to being on-brand. The off-brand items are probably the activities that create the problems not only during the sales process but also those "problem orders."
2. Identify which of your sales staff currently sells your brand values along with selling products or services. Set up step-by-step checklists of your already-successful sales staff so that your entire sales force can more easily emphasize all the essential points that relate to brand value. Build a script from it for others to practice from.
3. Study your customers to find out how they like to buy your brand. What values are reinforced in the way they purchase your product so they are, in effect, purchasing your brand in the process of buying your products or services? The purpose of branding is to reinforce the ideas that are meaningful to your customers even during the sales experience. Here are several questions to ask about customers to help you get started:
4. Are there any parts of your brand that are not demonstrated in the sales process?

    - Are your customers quick to make their decisions while buying from you? Or do they like a leisurely sell or some combination of both? How can you tell which customers want which selling style?

- What previous experience have customers had with you that you definitely do not want reinforced?
- What is of value (for example, education about your brand and products) to the customer in your sales process? How do these value points link to your brand promise?
- Others?

5. Make sure that your entire sales force knows how to sell your brand, without selling a service or product. In other words, if you were to sell the value of your brand idea, how is that done?
6. Have one group of salespeople demonstrate selling just your brand. Have another group demonstrate selling your competitor's brand. Learning how to focus on just your brand idea teaches salespeople to cut to the quick in terms of your brand values and proposition.

When people first think about selling services, they have a tendency to forget what has made them successful selling their products or other services. Understanding yourself is more important than understanding your markets.

Recommended Reading/Listening

Who Really Determines the Success of Your Business		podcast
The Aroma of a Good Vision	eBook	podcast
Using Little Ideas to achieve Big Things	eBook	podcast
Dr. Jeffrey Liker discusses PDCA	eBook	Podcast

As you can tell, I put a great deal of emphasis on the customer's touchpoints and on a grander scale the Customer Experience. There are few companies that are better at delivering on the Customer Experience than Disney. What do you remember of the experience?

Disney's core principles:

1. Know the story is king.
2. Utilize the newest technology to tell that ancient story in a new way.
3. Coordinate the message across all media.
4. Have the courage to innovate.
5. Ride your uniqueness.
6. Stay on message.

Can you attach yourself to any of their core principles? Disney understands the multi-media, multi-channel, multi-experience world they developed four score years ago (what are you thinking of now?). Take ownership of the word that describes your organization and you will live through it. Do you question what Disney stands for when you see the Castle?

When we set out to improve on Service Experience, many of us think of the firefighting methods we employ. When I think of improvement, I think of how critical collaboration is to the process of generating ideas and problems in any organization. When you review the principles of PDCA and Kaizen, your ability to succeed really comes down to how good of a team you put together. Very few times in an initial read of a book, which I started reading just for pleasure, have I ever stopped and re-read an entire chapter.

From the book; Innovate the Pixar Way: Business Lessons from the World's Most Creative Corporate Playground. It was written by Bill Capodagli and

Lynn Jackson, the pair that also wrote The Disney Way, Harnessing the Management Secrets of Disney in Your Company.

What they really brought home was the importance of collaboration and building a team. They even discussed the great lengths they go to hire people who are interested in working in a "network" type environment in solving problems, building and supporting each other. Here is a short excerpt from the book; the definitions of a set of proficiencies by Bill Nelson of Pixar:

1. *Depth – demonstrating mastery in a subject or a principal skill; having the discipline to chase dreams all the way to the finish line.*
2. *Breadth – possessing a vast array of experiences and interests having empathy for others; having the ability to explore insights from many different perspectives; and being able to effectively generate new ideas by collaborating with the entire team.*
3. *Communications – focusing on the receiver; receiving feedback to ascertain whether the message sent was truly understood. Realizing only the receiver can say, "I understand!"*
4. *Collaboration – bringing together the skills (depth, breadth, and communications), ideas, and personality styles of an entire team to achieve a shared vision. Fostering an attitude to say, "Yes, and…", rather than "No, this is better."*

How can we incorporate Disney into our services and PDCA? Instead of Plan-Do-Check-Act, I like to frame the PDCA cycle of Disney in the Disney words of Dream-Believe-Dare-Do. One of the interesting things about Agile Project Management is that you start with creating a user story. In the service process, how many times do you start with a customer/prospect telling you how to/they? use your product or service? I know we interview people or perform won/loss analysis, but I wanted to go an additional step. What if we paint the picture of how a user interprets your service? If you take the Trilogy Journey Map and create a storyboard from this do you think the needed improvements would be more visible? Root cause would be easier to define. The master of telling the story is of course Disney and who better to help than the mouse himself. From the book, Be Our Guest: Perfecting the Art of Customer Service;

> *"The first storyboards were originated in the Disney animation studios in the 1930's. According to Walt Disney, the storyboard was invented by Web Smith, an animator and one the first story men at the studio. When Web planned a story, he would draw it instead of describing the action in words. At first he simply spread the drawings out over the floor of his office, but soon graduated to pinning them in order on to the walls. In this way, the unfolding story gains the valuable visual dimension. According to legend, Walt was none too happy with the innovation. He had just redecorated the offices and the marred walls in Webb's office stuck out like a sore thumb. But Walt also recognized the order imposed by the posted drawings and the ease with which the entire feature could be analyzed and manipulated. So he ordered 4? x 8? corkboards and the storyboard was born.*
>
> *Soon, every Disney cartoon came to life on the storyboard, and the board themselves moved to new departments as the project progressed. The story men would pitch their ideas to Walt on storyboard, color and sound were both added using the storyboard as reference point, etc. When Walt hijacked the studios innovators to design the attractions for Disney land, they brought the storyboard along with them. And today, it has evolved into a standard technique among the Imagineers."*

Mickey's 10 Commandments:

1. ***Know your audience:*** *Before creating a setting, obtain a firm understanding of who will be using it.*
2. ***Wear your guest shoes:*** *That is, never forget the human factor. Evaluate your setting from the customer's perspective by experiencing it as a customer.*
3. ***Organize the flow of people and ideas:*** *Think of a setting as a story and tell that story in a sequenced, organized way. Build the same order and logic into the design of customer involvement.*
4. ***Create a weenie****: Borrowed from the slang of the silent film business, a weenie was what Walt Disney called a visual magnet. It means a visual landmark that is used to orientate and attract customers.*
5. ***Communicate with visual learners to:*** *Language is not always composed of words. Use the common languages of color, shape and form to communicate through setting.*
6. ***Avoid overload – create turn-ons:*** *Do not bombard customers with data. Let them choose the information they want when they want it.*
7. ***Tell one story at a time:*** *Mixing multiple stories in a single setting is confusing. Create one setting for each big idea.*
8. ***Avoid contradictions; maintain identity:*** *Every detail of every setting should support and further your organizational identity and mission.*
9. ***For every ounce of treatment provided a ton of treat:*** *Give your customers the highest value by building an interactive setting that gives them the opportunity to exercise all their senses.*

10. ***Keep it up:*** *Never get complacent and always maintain your setting.*

After applying these Ten Commandments, keep telling the story over and over again. Are you staying on track? Are you staying on-brand?

This storyboarding process used by Disney is just absolutely sensational. Disney was a storyboarding freak! Not only does a storyboard allow for a dress rehearsal of the final product but by the very fact of being posted on the wall, it elicits early feedback and encourages quick, painless editing, leading to significant savings in time and resources.

The Trilogy Journey Map/storyboard should not be a **dry report** but an active document that truly makes your project come alive! Storyboarding has become a popular way of transferring the details of a service project to a graphical representation. Very much like your child's fifth grade science fair project. The purpose of course is it gives the project team a way to summarize their efforts and let other people outside of the team understand their efforts. On the Lean side, I think that is why A3 reporting has become so popular. It is a graphical way of displaying the project. Though we are all not visual learners, the majority of us find learning by stories, pictures and diagrams much easier. I think there should be a happy medium somewhere between the Disney storyboard and the A3. However, if you err, err toward the Disney side.

As many of you already know, the PowerPoint presentation was developed by engineers for exactly the same reason that most develop an A3; to tell the story of a project. However, another purpose of a storyboard is to tell others outside of the team the story and, maybe more importantly, to solicit feedback from others. Try hanging your Storyboards in the hallway or cafeteria much like the trophy cases in a school. You may be surprised by the amount of activity and comments that it may stimulate. To encourage feedback, place a marker next to the board and ask for comments. Get people engaged in the planning process not just at the end.

You may create the typical PowerPoint utilizing SIPOC, VOC, House of Quality and other Six Sigma or Lean Tools. If you are on the team ask yourself, how will you get others engaged? Consider your audience; the storyboard is not about you it is about them. Take a lesson from Disney or even have your fifth grader help you on this project. For example, using a PDCA process, below are some simple guidelines on how to improve and develop an entertaining Trilogy Journey Map.

Plan: What is the first thing you learned in 5^{th} grade about writing a story? You have to have a hook! Appeal to the emotions of your audience! Create some drama in analyzing the problem. A typical process here would be identifying the vital few metrics that are important. Create some drama in finding the root cause. Think about how if you don't find the real problem what may happen.

Do: We have taken the story to the critical stage, there has to be a solution. This is where everyone wants to jump in and help. We are all problem solvers but are we all MacGyver's? We have to find the best answer that addresses root cause and is measurable. Who will be the Hero?

Check: Your metrics must clearly define the problem and visually display it. Do not limit yourself here to simple metrics; maybe pin the defect on the wall or the cause. If a failure causes a catastrophic condition, visually display what that means.

Act: Now is the point in the story where the problem is solved and life goes on happily ever after. Can you depict that in your storyboard? Can you show and prove the results that prove this? Did you reach the other side of the rainbow?

The PDCA method that Disney adheres to is somewhat out-of-the-box thinking but they do challenge themselves during the process. Innovation requires a balance between ideas and reality. An approach developed by Walt Disney was one based on the roles of the Dreamer, Realist and Critic. I once read that Walt could play all the roles and many times when he walked into meetings everyone wondered which role he was going to take on. He also experimented with having separate rooms for each role. This approach should be considered when creating the future state during a Value Stream Mapping Session.

You can create your storyboard several different ways. Electronically there are several packages that will assist in developing a "story." The easiest way is just to use PowerPoint and move the slides around to fit your story. Using sketches collages and of course, having a wall that you can write on is simply essential. Create a Current State and Future State of your Trilogy Journey Maps through Storyboarding.

Recommended Reading/Listening

Sustaining Lean using Continuous Improvement: The Toyota Way	eBook	podcast
Lean is not a revolution	eBook	podcast
Lean Coaching & Learning with Jeff Liker		podcast
Continuously Improving thru PDCA	eBook	podcast

At this point, you have completed a 1st draft storyboard for the current and future state of your Trilogy Journey Maps. Are you ready to go to the next level?

If you are having trouble getting started, Simon Clatworthy of the Oslo School of Architecture and Design developed the *AT ONE Project and Cards,* which is a tool that focuses upon assisting you in creating and discussing touchpoints. Simon had sent me the cards several months ago and I have used them several times now to explain how to create a Customer Journey Map or to facilitate Brainstorming idea.

For sales and marketing, I created an extension of the Touch-Point card to be used in the field. These cards are not so much about generating ideas but the actual use of the Touch-point Card. It is a combination of the features of the AT-ONE Project and the time management system called The Action Method. The Action Method is my management planner of choice. Scott Belsky's (founder of Behance) book, Making Ideas Happen: Overcoming the Obstacles Between Vision and Reality, describes this approach. The methodology is based on boiling down projects to the most basic elements with an emphasis on action**.**

The Back of the card describes the "WHAT" we are trying to accomplish. This is the heart of the AT-ONE project and from Simon's paper:

Touch-points are one of the central aspects of service design. They describe one of the major differences between products and services, and are the link between the service provider and the customer. In this way, touch-points are central to the customer experience. It is not surprising then, that touch points are mentioned as one of the three pillars of service design.

The Back of the Card also includes my rendition of The Action Method and which I coin ARTIC. It is essentially the elements to perform the touch point. The bottom of the card allows space to take note of several of the preceding and post Touch-points in the process. The front of the card is specific to an individual Touch-point. It gives you space to make sure that you have everything in order to perform the touch point and to record any points of interest. I use the term to describe it as a mini sales-report. The cards can be easily duplicated, used electronically and/or as a post-it-note in creating a journey map.

I highly recommend using any of the tools of Lean such as Check Sheets, Run Sheets, Histograms, Pareto Charts, Flowcharts, Cause and Effect, Scatter Diagrams, Control Charts, etc. If you have a failing Touch-point, by all means use what you are comfortable with to solve and improve the process. But unless you are experienced with using these tools from an outside-in perspective, I would recommend a rather slow implementation of usage. The tendency is to jump to the tools, turning the exercise into an internal improvement process.

Recommended Reading/Listening

Using Control Points to Manage in Lean	eBook	podcast
Lean Problem Solving	eBook	podcast
Why A3, Why Now in Lean Thinking?	eBook	podcast
Continuous Improvement, The Toyota Way	eBook	podcast

In summary this chapter centered on improving service and services, we did this through the eyes of Zappos, Zingerman's and Disney. They demonstrated how the power of individual people and teamwork ultimately decides the success of your services. The thought that your **"Customer Experience will mimic your Employee Experience**" should be embedded in your mind. You found deeper meaning in the power of the Customer Journey Map and a better understanding of SD Logic and, specifically, the Value in Use concept.

From your first list of seven "Service Products" that you narrowed down to three, you should have tried to complete the following for at least one of them, if not all three.

1. Current and Future State Storyboard of your Trilogy Journey Map.
2. Future State Trilogy Journey Map.

Before proceeding create a Future State Journey Map. You should see a few opportunities for improvement and how PDCA can be applied from the influence of an outside – in perspective.

Chapter 3

Design

Design and Innovation takes place outside the four walls and Lean should be the methodology of choice. It drives both the Little i and the Big I. The first and foremost reason is that it allows for the 1st step of innovation, the little i. Lean is the primary driver for the little i – PDCA. As a result, it allows for that culture to spread and create the DNA for the BIG I. Without Lean and the little i, you may never start!

From Tina Seelig's book inGenius: A Crash Course on Creativity:

> *All the parts of your Innovation Engine are inexorably connected and deeply influence one another.*
>
> - *Your attitude sparks your curiosity to acquire related knowledge.*
> - *Your knowledge fuels your imagination, allowing you to generate innovative ideas.*
> - *Your imagination catalyzes the creation of stimulating habitats, leveraging the resources in your environment.*
> - *These habitats, along with your attitude, influence the culture in your community.*
>
> *Essentially, creativity is an endless resource, initiated by your drive to tackle challenges and to seize opportunities. Anything and everything can spark your Innovation Engine —every word, every object, every decision, and every action. Creativity can be enhanced by honing your ability to observe and learn, by connecting and combining ideas, by reframing problems, and by moving beyond the first right answers. You can boost your creative output by building habitats that foster*

problem solving, crafting environments that support the generation of new ideas, building teams that are optimized for innovation, and contributing to a culture that encourages experimentation.

You hold the keys to your Innovation Engine and have creative genius waiting to be unleashed. By tapping into this natural resource, you have the power to overcome challenges and generate opportunities of all dimensions. Your ideas—big and small—are the critical starting point for innovations that propel us forward. Without creativity, you are trapped in a world that is not stagnant, but one that slips backwards. As such, we are each responsible for inventing the future. Turn the key.

We are at the halfway point in our Lean Service Design journey. Let's review the path we have taken.

1. We understand what we do well.
2. We know the service products that we have.
3. We understand Standard Work.
4. We know what is important to our customers.
5. We understand the customer experience.
6. We know how to improve our service product based on what is important to our customer.
7. We know our own culture.

The previous lessons of SDCA and PDCA have prepared us for this module of EDCA or Design. This paragraph is worth repeating:

Design and Innovation takes place outside the four walls and Lean can be the methodology of choice. It drives both the Little i and the Big I. The first and foremost reason is that it allows for the 1st step of innovation, the little

i. Lean is the primary driver for the little i – PDCA. As a result, it allows for that culture to spread and create the DNA for the BIG I. Without Lean and the little i, you may never start!

The little "i" provided through SDCA and PDCA defined as the Lean Culture will stimulate the knowledge, imagination, and attitude to create something from nothing. You have the skills needed. Creativity, Design and Imagination are all learned practices. Your own Innovation Engine consists of:

- SDCA: Standard Work that creates a CAN-DO attitude and free up time to spark problem solving.
- Applying PDCA, allowing you to "see" opportunities for improvement.
- A Continuous Improvement Culture (Kaizen) catalyzes the creation of stimulating habitats, leveraging the resources in your environment.
- These habitats, along with your attitude, influence the culture in your community (The Customer Experience will mimic the Employee Experience).

Now that we have prepared ourselves, we can tackle the big "I" of Innovation.

The difference between the thought process embedded in Lean Service Design and the disciplines in Lean Services and Lean Design can be summed up in one word: Empathy! It is a major differentiator between the traditional process methodologies of Six Sigma, and I say this tongue–in-cheek, Lean. Many times when you review Design for Six Sigma, Lean Startup, Lean Product Development, Lean Services and Lean Design (the list goes on), seldom when you search (like never) the index of the book will you find the words Empathy.

In Lean you will find the words “Respect for People” and it is rigorously applied by most Lean practitioners. However, it is typically applied from an internal viewpoint. I do not want to imply that it does not carry over externally (Customer Experience will mimic the Employee Experience) but seldom do I see it addressed. In healthcare, I believe you will see it addressed more than anywhere else at the moment, but I believe that discipline was built from a compassionate side to begin with. It was not guided by Lean as an enabler of empathy.

Becoming a customer-centric organization requires the organization to understand the emotional needs and difficulties of their prospects and customers. Our sales and marketing efforts should not be centered on getting the message out – it is about bringing the message in. Most organizations struggle in their attempts as they evaluate seas of data and lose the personality of the customer, using such terminology as markets or value streams. They have a tendency to view marketing as product centric rather than customer/user centric.

You don’t wake up one day and become customer-centric. It is not quite that easy. However, a concentrated effort by sales and marketing with just a few priorities can start your organization on the right path and radically improve your chances of moving from product to customer centric.

1. Reduce complexity: Few companies can simply market by collecting more demographic data, psychographic or subjective information. Data should not be ignored; however, in the absence of a customer context, data will provide little value and be desperately in need of direction.
2. Establish the user experience as the basis of collaboration: Framing the marketing effort in the context of the customer allows everyone the opportunity to participate. Everyone can act as the customer and can contribute insight into how the user experience can be improved.

Understanding how empowerment varies among roles and evolves over time can help to create priorities and informed decisions.

3. Use maps to guide the way: Mapping products and personas in terms of needs, desires, and aspirations fuels the marketing process with clarity and empathy from the outset. This is not only a powerful tool for understanding how to appeal to customers, but it can also shape the debate about trade-offs that is an inherent part of implementation. Customer insight can reveal value, and non-value added task. The visual understanding provided by mapping can provide a reality check and a benchmark throughout the sales and marketing process. The direction should be determined by the needs of customers and the particular company's strategy. Strive for the ability to see where there is a disconnect between your offerings in the market and the desires of the customer to improve the user experience and bridge the gap.
4. Aim for a compass, not a GPS: Identifying an opportunity zone can increase the chances of success by focusing a team's attention on a fixed number of priorities. These form the basis for experimentation during the sales and marketing process. The idea is to provide a clear direction but allows freedom to all parties to generate different approaches.

My research for this came from the recent reading of Predictable Magic: Unleash the Power of Design Strategy to Transform Your Business. The authors use these four interactions on how to create a design strategy. I found the same principles apply directly to customer-centric marketing. In the book, there is a special tool that the authors call the Psycho-Aesthetics Map. This is a two-dimensional mapping process in which the vertical axis shows the degree of need, from essential through to aspirational, while the horizontal axis shows the degree of interactivity from passive through to immersive. Existing products can be placed in their appropriate locations on the map, as can different groups of consumers, in order to identify gaps, which might be suitable for the design of new products. I created a slideshow of these principles demonstrating the connection to Maslow's hierarchy and Pine and Gilmore's, The Experience Economy.

The area of Empathy is very evident in Service Design and Design Thinking, a few more thoughts about this.

Empathy: Seung Chan Lim, nicknamed SLIM has engrossed himself into a special project that I found rather unique. The project name is Realizing Empathy and below is an excerpt from a podcast.

> ***Slim:*** *What's really funny is… Basically, I would almost categorize myself as an empirical researcher. Because as much as I love books and if you come to my place you'll see so many books, I don't really read them as much as I probably should. I'm much more of an experiential person. So taking classes and acting is like another way of understanding, what does it mean to act instead of reading a book about it. I decided to just do it. Basically, what I learned in acting class is that it broke my preconceived notion of the idea that acting is pretending. To a certain degree, yes; there is a pretend in it. But by and large, what actors do is they try to bring in their own experiences and bring it into the moment when they're on stage. But they do it under a frame. They do it under the name of some other character that's inside a play.*
>
> *They do it in a situation that is not their own. But what they're really doing is they're accessing their own personal experience, triggering them in the moment. So when the audience sees it, they may think it's the character doing it, but they feel that what they're doing is real*

because it is real. They're trying their very best to be true to themselves.

That's a very different way of thinking about acting. Because what they're doing is they're empathizing both in real time with what the character's going through, and also before, during rehearsals, they're constantly trying to understand what it is that this character, this writer has written, is really trying to do because the words don't really tell you enough.

You have to have gestures. You have to have facial expressions. All these other nuances have to be coincided with the words for it to really work as a remarkable piece of artwork that moves the audience and gets them to think about things differently. It wasn't until I took that acting class that the word empathy entered into my equation.

Slim's model talks about framing the act of making, not as an act of innovation, but as an act of empathizing. The model suggests a new direction for design. It might be quite a leap, or is it?

Expectations: Along the same line in another podcast with Marc Stickdorn, co-author of This is Service Design Thinking, I asked my typical "last question" in a podcast and it went like this:

Joe: *Is there something that I didn't ask that you would like to expand on or mention about service design thinking?*

Marc: *Maybe I would like to add one thing and that's about expectations. We talked a lot about experiences now and one really; really important thing is the expectations. If you're thinking about what advertisements do and communications if you go online and read* *reviews about said product and so forth it's all affecting expectations. That is something really, really important.*

If you're thinking what satisfaction is, customer satisfaction, it really depends on the expectation. You level your expectations against your experiences. That's what still many companies don't really get to level their expectation that right manner. Expectation management is one thing which needs to be included in service design.

Joe: *The expectation of what a customer should know and what an organization should do. Having that commonality really is what makes the product experience great. I think that's a great point.*

Marc: *Definitely. That's why low-cost carriers are working so good because they promise you nothing and at the end of the day you get from A to B and that's all you want and that's all they promise and that's all they do. That's why they work. They can have an awful customer experience but if they don't promise anything else, fair enough.*

If you promise to have an awesome customer experience and you just provide an average experience that's something negative. That's what I meant with a shift from advertising to experiences as well.

How many of us spend time on expectations? How many of us over promise and under deliver? We spend time on defining customer needs and how we can deliver on them but do we ever define their expectations? Most sales teachings employ techniques that are manipulative and tied to customer emotions. You try to guide them down a certain path. I have written about this before in Kill the Sales and Marketing Funnel where I said:

The Connection: I find expectations are closely rooted to empathy. You have to take interest in the customer's well-being in able to assist them in defining the minimum level of performance needed and the amount of effort they are willing to put forth. The key is listening with empathy. Your persona is more important than the customers at this point. Before you begin teaching the customer what they need to know, start thinking of this process a little differently. Think of it as you being the pupil rather than the teacher. Think about you having that "aha" moment or that moment when you "get it" versus when your customer gets it. When that "Aha" moment arrives – delighting the customer may not be all that difficult.

A short excerpt and the table of contents from the book Wired to Care: How Companies Prosper When They Create Widespread Empathy that gives you an excellent overview of empathy (if you think that this is a recommendation for this book, it is):

Part I: The Case for Empathy

1. *Introduction: Companies prosper when they tap into a power that every one of us already has—the ability to reach outside of ourselves and connect with other people.*
2. *The Map Is Not the Territory: Empathy is an antidote to a world of abstraction. Faced with a deluge of information, people like to boil things down. This puts them in danger of making poor decisions based on incomplete or distorted information.*
3. *The Way Things Used to Be: Empathy isn't a new phenomenon. There was a time not so long ago when there was a broad and deep connection between producers and consumers that allowed everyone to prosper.*

Part II: Creating Widespread Empathy

1. *The Power of Affinity: The quickest way to have empathy for someone else is to be just like them. For companies, the answer is to hire their customers.*
2. *Walking in Someone Else's Shoes: It's often not possible or not enough to hire your customers. To continue to grow and prosper, you have to step outside of yourself and walk in someone else's shoes*
3. *Empathy That Lasts: Bringing people face to face triggers a caring response. The emotionally charged memories of that experience can be a guiding light to stay true to the vision.*
4. *Open All the Windows: While having empathy for other people is a good thing for us to do as individuals, it's far more powerful when you can create widespread empathy throughout a large organization.*

Part III: The Results of Empathy

1. *Reframe How You See the World: When you step outside of yourself, you open up to the possibility of seeing new opportunities for growth.*
2. *We Are Them and They Are Us: When companies create an empathic connection to the rest of the world, a funny thing starts to happen. The line between outside and in, between producer and consumer, begins to blur.*
3. *The Golden Rule: Consistent ethical behavior demands that you walk in other people's shoes. Because of this, Widespread Empathy can be an effective way to ensure the morality of a large institution, more so than any rule book or code of conduct.*

4. *The Hidden Payoff: Having empathy for others can do more than drive growth. It can also give people the one thing that too many of us lack: a reason to come in to work every day.*

We've seen how empathy can be a driving force to develop more prosperous, more ethical, and more enduring companies. But it also has the power to help us see how we can change the world for the better. Ultimately, every single one of us is biologically wired to care. Scaling that ability to the level of an organization can transform its mission. When we develop real empathy for the people we serve, our jobs start to become callings. There are no low-interest problems, only problem-solvers who don't have strong connections to the people they serve. Companies can serve a higher purpose than just making money. They can create wealth by enriching the wider society we all live in. Empathy can awaken us to the power that we have to change the course of everyday life but only if we're willing to step outside of our own preconceptions and see the world through other people's eyes.

How do you create empathy in your organization? Even though I may have come across a little anti-empathy about Lean above, I believe it is the best methodology, the best business model to achieve this. Design Thinking and Service Design in the short term are not business models. Using Service-Dominant Logic thinking and addressing the three components of value; Social, Emotional and Functional has taken you a long way in your journey. But empathy is a personal trait. It is best to look for the quality in the beginning at the time of hire. We have discussed this before with companies like Zappos. From the book, High-Tech, High-Touch Customer Service, they recommend hiring your team based on the WETCO psychological traits:

1. Warmth: Simple human kindness
2. Empathy: The ability to sense what another person is feeling.

3. Teamwork: The bias against "I can do it all myself" and toward "Let's work together to make this happen.
4. Conscientiousness: Detail orientation, including an ability and willingness to follow through to completion.
5. Optimism: The ability to bounce back and not internalize challenges.

Try completing an Empathy map from the workbook for a user that you may expect to use your service product. These are the people you are designing the service product for.

Personas: Many people at this stage will look at creating personas for the different groupings. For the sake of this program, we will only consider the use of Empathy map as a method of determining the groups' persona. Personas typically include more research and the use of stakeholder maps, shadowing, interviews, etc. An excellent introduction into personas can be found on this blog post, 7 Core ideas about Personas and the User Experience.

Recommended Reading/Listening

A Service Design Thinking Primer	eBook	podcast
The Role of Empathy in Design	eBook	podcast

The Define Phase is well documented in the Plan of PDCA, Define of DMAIC, Discovery of Appreciative Inquiry or even the Dream of Disney. In the Explore stage of EDCA, what makes the Define phase different?

Paraphrased from Nigel Cross's book, Engineering Design Methods: Strategies for Product Design:

Designers tend to use conjectures about solution concepts as the means of developing their understanding of the problem. Designers impose a primary generator and generate early solution concepts. This is used to base a tightly restricted set of constraints or solution possibilities. The problem cannot be fully understood in isolation from the solution, so solution conjectures should be used as a means to understand and explore the problem formulation. As the architect, Richard MacCormac has said, "What you need to know about the problem only becomes apparent as you're trying to solve it."

Solution-focused strategies are perhaps the best way of tackling service problems which are by nature ill-defined problems. The major hindrance to this type of thinking is found in becoming fixated on a particular early solution concept and an unwillingness to discard the concept. Instead the make minor improvements rather than discard the work and stat with a fresh idea. Another problem is going too much in depth versus staying at a minimum level to continue the process. You should look to having a "reflective conversation with the situation," so wonderfully said by Schon.

Cross added these steps for the solution focused process:

- *Clarify requirements by asking sets of related questions which focus on problem structure.*
- *Actively searched for information and critically check given requirements.*
- *Summarize information on the problem formulation into requirement and partially prioritize them.*
- *Do not suppress first solution ideas, hold on to them and return to them to clarify the problem rather than pursuing them in depth.*

- *Detach themselves during conceptual design stages from fixation on early solution concepts.*
- *Produce variants but limited the production and overview periodically assessing and evaluating in order to reduce the number of possible variants.*

Another part of the process, especially used by designers and architects is the act of sketching. They have a tendency through sketching to handle different levels of detail, shifting from overall concept to detailed aspect practically simultaneously. Sketching permits tentative solutions to be explored and investigated and the typical hierarchy steps of problem-solving analysis are prevented.

In service design, think of exploring a customer journey map allowing for multiple paths to be explored. For example think of a user scenario that might help you identify multiple paths. A few ideas on constructing one:

- Practice being a user. A good exercise is to use de Bono's Six Thinking Hats and apply that thinking taking different user points of views.
- Observe users in action. Ensure you are watching both novices and experience people.
- Question users about their experience. You can use a variety of methods that are formal, unstructured and even focused groups.
- Create user personas and scenarios. A persona is about a well-defined but hypothetical user and a scenario is a storyline about the use of a product or service.

Remember the Bain Study that said: "**80% of Companies believe they deliver a Superior Service, only 8% of Customers agree."** Don't we need a breakthrough strategy to improve our service? The define mode is critical to your success, you must create a specific compelling problem statement. Many people believe that developing a specific problem statement will limit your efforts, your creativity. This has proven to be false and is well documented by the Heath Brothers in the landmark book, Made to Stick: Why Some Ideas Survive and Others Die.

In a podcast I had with Chad Smith of the Constraints Management Group, I asked the question, "Why did McGraw-Hill come to Carol and him to write the new edition of Orlickys Materials Requirements Planning 3/E?" He told a very interesting story which I paraphrase below:

> *The problem is that the market really doesn't know how bad the problem is. They don't really understand why MRP is failing. What the real deficiencies are of MRP. That led us to write a white paper. We wrote a white paper in spring of 2008. We submitted it just on a whim to the APICS organization saying, here's something that we've written. Are you interested?*
>
> *We got an immediate response back from APICS saying can you condense this a little bit for our magazine? We said sure, we'll do that. We condensed it and little did we know that it turned out being the cover story for the July/August 2008 edition of the APICS Magazine.*
>
> *That intrigued us. It told us, wait a minute, there's something people are resonating with what we're writing here. APICS sponsored a webinar a couple of weeks later on a topic and 250 companies signed-up. Three weeks later Carol spoke at the APICS conference in Kansas City and there were 350-400 people in the room. There was standing room only.*
>
> *We got pretty excited because what people told us was the reason why they got so interested in this was because of our depiction of the*

problem and the fact that the way we described the problem was exactly what they were experiencing. There just didn't seem to be a fix out there in the industry.

We spent the last couple of years articulating this. We were asked to write a chapter for another book that McGraw-Hill was publishing. Based upon the strength of that chapter, the editors of that book kicked it up to McGraw-Hill and said you really need to take a look at this. This deserves a whole book.

We went round and round with McGraw-Hill a little bit because McGraw-Hill was a little bit worried that people had never really heard of this concept, these new concepts. I agreed the book might not sell well because nobody's really heard of this new approach to MRP.

They came back and said; "We have this Orlicky book that needs to be updated. Would you like to do that?"

From Carol and my perspective we were like, wow, yes, absolutely. That's a perfect scenario for us. It allows our message to get into the typical MRP user and even buyer of software so that we can really demonstrate what the problem is and what the direction of the solution is. How we can augment or how we can amend the MRP and ERP for the new century.

What did Carol and Chad do that was different? **Their description of the problem was exactly what customers were experiencing.** You can spend countless hours on branding, messaging and every other marketing tactic under the sun but do we ever articulate the problem our customers and prospects are having, perfectly?

Lewis Mumford (1895-1990) was an American Architecture and Literary critic, as well as Sociologist and Philosopher. I often attribute a particular quote to Mumford, though I can't seem to locate the source. When asked where to put a sidewalk, Mumford responds: **"See where the people walk and then pave their path."**

> *How many times have you seen two sidewalks intersecting at 90 degree angles, with worn grass cutting the corners? There's a fine line between executing your vision and listening to your customers. Consider Mumford's quote, thinking of the sidewalk as the "vision" and the path as "customer needs."*

Describe the exact problem the customer is having.

Do not proceed without crafting a problem statement. The work in doing it is generating a problem statement different than the ones we are accustomed too. As Tina Seelig's stated, '*We have grown ups answering questions such as 5 + 5 = ? versus being asked ? + ? = 10."* There are several schools of thought on how to accomplish this:

1. A3 thinking, which is the basic Lean Problem Solving Method.
2. Appreciative Inquiry or a strength based approach.
3. Shainin Method where you view desired outcomes and work backwards.
4. Design Thinking type of approach based on empathetic findings.

There is not a right or wrong answer. In fact, you could separate your team and have them attack the problem statement from each direction. I propose that you choose at least one of them that fits the culture of your company. Take a proposed Customer Journey and craft several problem statements. Don't forget to view these stories from a Service Dominant Logic thinking perspective. You may like to create user stories that have an outlook based on the three values of functional, social and emotional.

I think the INVEST acronym, from the User Stories Applied: For Agile Software Development book by Mike Cohn, serves as a good guideline for defining User Stories. A brief overview:

- **Independent:** The story should not carry dependencies.
- **Negotiable:** Stories should have room to negotiate – they are a starting point, not a contract.
- **Valuable:** The story should communicate the value to a user or customer, not to the developer.
- **Estimateable:** You need to be able to estimate the amount of work required to implement the story.
- **Small:** Stories need to be small, manageable.
- **Testable:** The implementation of the story needs to be testable.

From a service perspective, you could develop user stories for many of your projects. For an example, consider developing a direct mail piece for a home roofing contractor: Using the standard outline for developing a user story: "As a [end user role], I want [the desire] so that [the rationale]. The user story may go something like this: As a roofing contractor, I would like to develop a 4-part mailing program targeting subdivisions of 20 to 24 year old homes.

- Using INVEST, I could look at this user story and conclude:
- Independent: Yes it is very independent.
- Negotiable: I think it is negotiable from the standpoint that you might be able to use a 3 or 5 parts or make some recommendations after initial testing.
- Valuable: I think presently it is rather weak in that area.

- Estimable: Time frames are very easily estimated.
- Small: The actual story is very small and well-defined.
- Testable: I think like most direct mail pieces, unless under a time constraint, sample pieces could be sent and feedback given as additional pieces are developed and modified from the feedback.

As mentioned before, user stories can be written from other perspectives. Using this example, try writing it from a few of the other perspectives mentioned. Even try writing it from the home owner's perspective (the end user). What could we create using our standard outline: "As a [end user role], I want [the desire] so that [the rationale]. As a homeowner, I would like information on the telltale signs that my roof needs to be inspected. With this approach, you can see not only the need for supplying relevant content that is of value to the consumer but this story will strengthen your message. As you develop the piece, you may even find more content and/or a more targeted message.

Define is where you take your empathy findings and turn them into compelling needs and insights. In service design evolving to an answer though customer interaction is one of the best methods of problem solving. You may have to accept a solution that may not be the best in your mind. But an idea that can be implemented is much better than one that cannot be. However, do not lose sight of your overall goal: To be profitable create customer experiences that are so compelling that their loyalty becomes assured.

Create user stories for your service products using either the layouts below or a few that you may create. Write a bunch!

User Story card examples:

1. As a ___________________ (type of user), I want to ________________ (need), so that I can _____________ (reason)

2. In order to ______________ (value), as a ___________________ (customer), I want __________________ (some feature)

3. In my world ______________ (place), I ___________________ (customer), need a way to __________________ (need)

4. While a __________________ (person) is in _________________ (place), they need to find/meet with a ___________ (person) because________ (motivation)

5. A ______________________ (person) who is trying _______________ (motivation) at ________ (place) must prepare for ___________ (activity), which they will have to do in ______________ (time)

6. ___________________, __________________________________, ________________________________

Don't only think from a customer perspective but take a deeper dive. Think of several different positions (B2B), CEO, CFO, Team Leader, and Technical Person. Or, in a consumer field think of the husband, wife, and child. This frames the context of the story. What typically becomes apparent is that certain users are more likely to enjoy the experience that your organization can deliver. If you take it a step further and are able to create a story from actual users or potential users, you gain valuable knowledge in your design process before you start. Even if you can only obtain partial stories of the customer journey, or stories about competitors that may mimic a portion of the journey; these fragments will provide additional insight.

Create your first User Stories:

1. Review your most complete Customer Journey Map (For an existing service product).
2. Develop three user stories for the categories of pre-purchase, purchase, post purchase (Do not try to get to granular).
3. Add a minimum of three more stories from different perspectives to each category.
4. Repeat this exercise for a new service product.
5. Repeat for 1 more new or existing service product to have a total of three.

Recommended Reading/Listening

Using Desired Effects to find Root Cause(Shainin)		podcast
Strength–Based Lean and Six Sigma	ebook	podcast
Service Design via a Design Thinker	ebook	podcast
A3 Problem Solving	ebook	podcast

When most organizations think about their value proposition, they think about the tangible benefits that the organization offers or how much better they are in a certain area versus the competition. It might even include their history, technical expertise, latest technology, commitment to customers, etc.

In the book, Strategy from the Outside In: Profiting from Customer Value the authors describe their variation of a value proposition:

> *We prefer a third variant that we see in use among customer value leaders. A customer value leader bases its value proposition on a*

resonating theme – a few elements where the firm is distinctly better than the competition that really to a target market. An effective value proposition offers superior performance, price or relational value and communicates that value in a way that shows that it has a deep appreciation of the customer's value priorities. The choice of value proposition is also the choice of target customer segment – and vice versa.

This variation, though more customer centric, stops short of describing the experience the customer will have with the company. One of the interesting things about Agile Project Management is that you start with creating a user story. Work is expressed in the backlog as user stories. A team may write its user stories in a number of ways as long as they are written from the perspective of the end user. Put another way, team members are encouraged to think of their work from the perspective of who will use it, hence "user" story.

In building a value proposition, how many times do you start with a customer/prospect telling you how they use or will use the product or service? I know we interview people or perform won/loss analysis, but I want to go an additional step. What if we would paint the picture of how a user experiences your product or service? If we would take the time to determine that reaction, would we not create a better value proposition?

I think it might be interesting to define your entire business and your target business through customer experiences. Actually, cataloging the various experiences a customer will have with an organization is a needed exercise to enhance the value of the total experience for its customers.

As we move into the Idea, we are now able to get out a bunch of post-it notes, colored pencils and let our creativity loose. Or do we?

If you want to invent a better shovel, start shoveling!

One of my favorite books on Design is [Designing for Growth: A Design Thinking Toolkit for Managers] (podcast with author below). The authors' state:

> ***Step Away from That Crystal Ball:*** *All successful innovation begins with an accurate assessment of the present, of current reality. We save the crystal ball for later. Sounds counter intuitive, doesn't it? When we think of something new, we usually think of the future—not the present. Why not start there?*
>
> *For a lot of reasons: First, we need to pay close attention to what is going on today to identify the real problem or opportunity that we want to tackle. A lot of managers throw away all kinds of opportunities for growth before they even get started by framing the problem too narrowly.*
>
> *For years, product developers at P&G focused on improving the detergents that were used to clean floors. One day they realized (with the help of design thinking) that what their customers really wanted were cleaner floors, and that could be achieved through means other than better detergents—such as a better mop. That insight produced a runaway bestseller in the form of the Swiffer, a growth initiative that revolved around a product invented in the middle ages (if not before). Fruitful searches go back to the basics: What is the job to be done?*
>
> *A funny thing often happens as we pay closer attention to what customers are up to—we find that the clues to the new future lie in dissatisfactions with the present. And not just when the innovation you*

are looking for is incremental. Ultimately, growth is always about solving customers' problems.

Having synthesized the data and identified emerging patterns, ideas begin to pop into our heads on their own volition. We start to consider new possibilities, trends, and uncertainties. Even without consciously trying, we are beginning to develop hypotheses about what a desirable future might look like. And so it is time to move from the data-based exploratory

At this stage, we are staring the future in the face. And we are tempted to ask, "Where did I put that crystal ball?" You begin to wonder (borrowing the words of historians Richard Neustadt and Ernest May) where the future might divert from the familiar flows of the past, how our insights could translate to new possibilities. Designers call this stage ideation.

A few outtakes from the book:

- *A funny thing often happens as we pay close attention to what customers are up to – we find the clues to the new future in dissatisfactions with the present.*
- *Brainstorming is 90% planning, 10% execution*
- *The goal isn't to nail it; the goal is to identify new hypothesis that may help you reinvent the process.*
- *"Creating new concepts depends a lot more on discipline than on creativity. You take the ten most creative people you can find anywhere. Give me a squad of ten marines and right protocols and I promise we'll out-innovate you." – Larry Keeley of Doblin*
- ***Design Thinking begins with Design Doing***

So yes, we can use the tools to create ideas such as Brainstorming, Brain Drizzle, Brain Drought and so many others but the best one, in my humble opinion, is to create better stories. Several ideas from the book, Storytelling for User Experience: Crafting Stories for Better Design:

Hints for a good story:

- *Focus on activity, describing actions and behavior, set in a specific context.*
- *Include a description of the motivation/need that triggers action.*
- *Use a persona to set them in context.*

From various collections of story structures, the authors selected a few recognizable story structures that are useful in telling stories in user experience design. They are only offered as starting points.

- *Prescriptive: Structural templates that allow you to fill in the blank*
- *Hero: Using Joseph Campbell-inspired hero's journey elements*
- *Familiar to foreign: Using a different journey of sorts that begins with the comfortable and then stretches into the less familiar*
- *Framed: Stories that appear to begin and end the same way*
- *Layered: Using layered images to build a story experience*
- *Contextual interludes: Using diversions of physical or emotional details to add an extra dimension to a story*

If you want to invent a better shovel, start shoveling!

When we ideate, we want to explore a wide solution space. We need to look at both quantity and a variety of ideas. The best way I have found to start is to take the user stories created and categorize them, combine them, separate them, break them down but most of all experience them. As I said, "The way to invent a better shovel is to put one in your hands and start shoveling." But move around with it; try it in different materials, in different ways and with different people. You may surprise yourself. The secret is to take everything that you have learned so far, documented in user stories and re-frame the stories. We looked at how customers currently frame their problems, their mental models and constraints. Now we need to use this information to formulate a hypothesis about new possibilities. **The ideas are in the stories.**

Take the User Stories you created in the previous exercise and start creating more. Write them from different perspectives, contexts and structures. Don't forget to view these stories from a *Service Dominant Logic thinking* perspective. You may like to create user stories that have an outlook based on the three values of functional, social and emotional. An old product development practice that is still pinned up on my wall is SCAMPER:

> *What can you Substitute?*
> *What can you Combine?*
> *What can you Adapt?*
> *What can you Modify or Magnify?*
> *Can you Put to other uses?*
> *What can you Eliminate or reduce?*
> *What can you Reverse/Rearrange?*

I always added one more: Leave it to sit for a day. I believe that sleeping on it has value! Using a concept like SCAMPER or re-framing your story in a different context or a different viewpoint can create a flood of ideas to consider. But at this point, keep writing user stories. Shyness is not a virtue at the moment. It would not be out of line to have a hundred, because soon we are going to start eliminating a few of them.

There are a many tools we can use to start eliminating ideas with, to name a few: SWOT, Pugh Matrix, Voice of Customer, Voice of Market, Kano Model and different Decision Matrices. I am going to spend more time on this in the next module but all of them basically segment your list by some priority that you have created; sometimes and sometimes not with data. Maybe the most important consideration is when you consider the items that your organization values the most to make sure your customers value them also. It is a hard road to go if you sell your organization on the values that identify your organization and then turn around and find a customer base that disregards them.

I want to look at 2 tools rather briefly:

1. **SWOT Analysis:** Briefly from Wikipedia:

SWOT Analysis is a planning method used to evaluate the ***S****trengths,* ***W****eaknesses/Limitations,* ***O****pportunities, and* ***T****hreats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.*

Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization.

- ***S****trengths: are characteristics of the business, or project team that give it an advantage over others*

- ***W**eaknesses (or Limitations): are characteristics that place the team at a disadvantage relative to others*
- ***O**pportunities: external chances to improve performance (e.g. make greater profits) in the environment*
- ***T**hreats: external elements in the environment that could cause trouble for the business or project*

2. **SOAR Analysis:**

In the Appreciative Inquiry field, there has been a movement to use a SOAR (Strengths, Opportunities, Aspirations, Results) analysis in lieu of SWOT. SOAR is a great method to use for expanding on the positive areas of an organization. It normally is much easier to gain buy-in from stakeholders with this approach versus others. In the book The Thin Book of SOAR; Building Strengths-Based Strategy, the authors state:

> *People tend to look for problems and focus on weaknesses and threats before searching for possibilities. For example, one participant of a SWOT process described this tendency as follows: "Having used SWOT analysis for the previous fifteen years, I had experienced that it could be draining as people often got stuck in the weaknesses and threats conversations. The analysis became a descending spiral of energy." Or, as another described his experience of a planning process deeply rooted in a SWOT analysis, "[the SWOT approach] gave us a plan, but took our spirit. From our experience, drained energy and loss of spirit can negatively impact momentum and achieving results.*
>
> *In SOAR, we focus on our strengths and opportunities, so that we can align and expand them until they lessen or manage our weaknesses and threats. Weaknesses and threats are not ignored. They are refrained and given the appropriate focus within the Opportunities and*

Results conversation. Ultimately, it becomes a question of balance. Why not spend as much time or more on what you do well and how7 you can do more of that? What gives you more energy to take action? What gives you confidence to set a stretch goal?

The SOAR framework is the beginning step in the Defining stage and is a natural lead in to the others.

- Strengths: Internal to organization; What is our core
- Opportunities: External to organization; What might be
- Aspirations: Internal to organization; What should be
- Results : External to organization; What will be

How many resources do you have? Should you be using them on your weaknesses or your strengths? In a previous lesson, I discussed not looking for areas of deficiencies and improvement but to expand on the areas we do well in. You cannot be everything to everyone and so you have to limit your resources. So why not use them on what you do well?

When I engage with a customer, I find the initial sequence of steps used to create a Lean Marketing System must ensure we carefully think through what outcomes we want to create, what supports and barriers we need to plan for, and who we have to involve within your organization to guarantee success. Our starting point looks like this:

1. (Definition) What are you presently doing and how do your clients and organization feels about them?
2. (Discovery) What is your present value proposition for retaining customers? What is your present value proposition for acquiring customers?
3. (Dream)What are your targets? How will we measure success?

4. (Design) Do you understand your customer's decision making process? For each product/market segment?
5. (Destiny) What's your investment strategy – not only in media, but in time and events?

The first steps of any Lean process are identifying value and creating a current state. When working on the service, why should we identify the process through Non-Value Activities defined as waste (Weaknesses and Threats) versus the Value Added (Strengths and Opportunities) activities of SOAR?

As I had mentioned before, next week is where we will go through the process of eliminating ideas in more detail but for now categorize your list, combining, removing the foolish, and make a wall chart with the ideas in the three columns of pre-purchase, purchase and post-purchase. Separate the ideas placing them in different swim lanes. If a user story applies to another adjacent story, pick the best one it goes with or make a copy aligning the user stories from left to right. You may have 10, 20 or more swimlanes, after doing this, pick seven swimlanes. And for now, pick three from that list. How we determine these we will discuss later. For now, use gut instinct.

From these three, we will discuss prototyping as part of the implementation stage.

Recommended Reading/Listening

A Good Architect is an enabling Orchestra Leader	eBook	podcast
Using Design Thinking for Growth	eBook	podcast
The Lean Agile Train Software Transcription	eBook	podcast#1 podcast#2

Prototypes provide a Pathway for Connecting with Customers: Prototyping is a way to introduce our products or services in a very disarming way. It is a way of saying, "I respect your opinion." Creating that empathetic connection with others can have a profound impact on your company. We all prefer to buy services from people that we perceive to be experts in their field. The role of the expert has changed. It is no longer the expert with superior knowledge; it is the expert that shows knowledge in how the service/product is used. We have gone from a world of selling benefits and features to a world of listening and collaboration. That connection with a customer clarifies how the service is perceived, not how it may look to us.

Traditional sales approaches in the past center on improving customer experience through techniques that tries to manipulate the customer's emotions. In the book Listening With Empathy , author John Selby says:

The new approach is participatory rather than manipulative – teaching you how to shift inwardly from negative to positive moods, and thus become genuinely friendly and helpful. Our Listening with Empathy method will enable you to move through the following four customer-encounter phases with high success:

> *Phase1 – Preparation: Before meeting with a customer or client, it's vital to put aside any stress, worries, or judgments that may pollute the encounter – and shift your focus toward positive feelings and heart-centered emotions.*
>
> *Phase 2 – The Moment of Encounter: Right when you meet someone, you need to present an honest, friendly, nonjudgmental greeting, and offer relaxed space. New techniques can help you maintain a bright*

inner center, emit a friendly presence, and converse with relaxed spontaneity, acceptance, and enjoyment.

Phase 3 – Empathic Communication: When you begin talking business, you need to maintain clear intent to be of service and to enable your customers to truly satisfy their needs. By encouraging an enjoyable emotion atmosphere, you can make sure your customers feel good hands and well taken care of.

Phase 4 – Processing: This fourth phase involves pausing after a meeting to reflect on a recent sales or service encounter and to decide purposefully how to follow up on it. You'll learn to re-experience positive aspects of the encounter and focus on your desire to meet with the customer again.

Prototyping can be a powerful tool but only if you are willing listen and make that connection with your customers. The ability to reach outside of companies and connect with our customers develops a shared outlook of our markets and will allow us to develop new opportunities faster than our competitors. It is a simple fact that the companies that know their customers best are the market leaders. They understand what is important. The companies that don't, market to the general public and as a result get average results. Our new products, our prototypes are shared experiences. Prototypes should serve as models, not just for improved design, but for improved connection with our customers. The easiest form of engagement is listening. Well, maybe not the easiest.

Customer interactivity is the most meaningful part of design. Prototypes are becoming a design deliverable with the advent of many sophisticated software applications spurred by Rapid Prototyping, 3D Modeling etc. However, the initial paper sketch is arguably the best tool, at least in the beginning. Prototyping helps us to design better user experiences. However, many of us still forget to include the user! We still dwell on what we can do versus looking at what the user does! Even at the paper stage of prototyping, I encourage you to try to articulate that feeling and function of the design into a model and put it in the hands of the user. Their interactivity is the most meaningful part of design. Do it early and do it often.

From adaptive path blog, Rapid Prototyping Tools:

> **Making Effective Prototypes:**
>
> *In order to evaluate a prototyping tool or technique, we first need to define what makes an effective prototype. The best prototypes are ones that slipstream right into our design process. We want the ability to quickly take sketches from a whiteboard to something interactive.*
>
> - *Effective prototypes are fast.*
> - *Effective prototypes are disposable*
> - *Effective prototypes are focused.*

There are few faster, cheaper and more effective tools than the pen and paper. It's easy, you can use it anywhere and anytime and it is one of the most effective collaboration tools that exist. The best course I have ever taken since college, and in fact, I might as well throw college into the mix, was a sketching class. It taught me more about "How to See" or observe than any of my engineering, communication and even Lean and Six Sigma training. Another added benefit, actually the original intent, was to relinquish any fear that I had in picking up a pencil and sketching. Admittedly, I never became a proficient artist in those 8 weeks but it was my first stepping stone to sketching. I later increased my ability with cartooning, particularly Looney Tune characters. It was a great tool and I encourage anyone to spend time developing these skills including the Looney Tune group.

As Service Design, Design Thinking, Open Innovation and Co-creation continue to become more prevalent, prototyping is becoming more applicable to any industry or even professional service firm. The most obvious is of course on the web with many Beta or Free-trial type applications. The typical first step outside of the idea is putting it on paper. That can be a daunting task for many.

At some point in time, you have to turn your idea into a reality. It is the best way to get feedback. Most of us are biased about our idea and even in the way we perceive and interpret the data. This is why having a structured approach to prototyping is imperative. Without one, we typically see what we want to see. As a result, we gain confirmation instead of additional knowledge.

You must be very open to feedback at this stage. You must welcome complaints and criticisms from others. If you take an honest and positive approach in gaining feedback from others, you will have increased your odds of success and gain the valuable information needed.

The instinctive type approach is surprisingly rather closed to alternatives. As a result the outcome is frequently flawed or less effective than a structured approach. In The Thinker's Toolkit: 14 Powerful Techniques for Problem Solving book, the author outlines six steps of the problem with intuitive problem solving:

- *We commonly begin our analysis of a problem by formulating our conclusions; we thus start at what should be the end of the analytic process.*
- *Our analysis usually focuses on the solution which we intuitively favor; we therefore give inadequate attention to alternative solutions.*
- *The solution we intuitively favor is more often than not the first one that seems satisfactory.*
- *We tend to confuse "discussing/thinking hard" about a problem with "analyzing" it (these2 activities are not at all the same).*
- *We focus on the substance (evidence, arguments, and conclusions) and not on the process of our analysts.*
- *Most people are functionally illiterate when it comes to structuring their analysis.*

If people have not learned and understood problem solving techniques, they cannot formulate a reasonable conclusion. It is a guess and a reaction based simply on intuition. Building the prototype is the easy part. Breaking them, testing them and learning from them is the important part. In a recent read, Prototyping: A Practitioner's Guide, I found author Todd Warfel description of the process outstanding. Though the book may lend itself more to the UI/UX/IX and other software designers, I found the book fascinating and so grounded in foundational principles that I would recommend it for anyone. There is a mind map in the workbook of my interpretations of the book.

The reporting process I recommend for most prototyping is using a basic A3 for structure. This way, you outline your process in a clear and concise manner.

In the book Innovation Acceleration: Transforming Organizational Thinking, the authors use the term "project pillars" as a way of clarifying your vision. Their example was the "project pillars" for the Palm Pilot.

- *Fits in pocket.*
- *Synchronizes seamlessly with PC*
- *Fast and easy to use*
- *Costs no more than $299*

The authors go on to say:

> *The company was able to build the world's first successful personal digital assistant. Meeting those constraints required a lot of trial and error, but it provided targets to focus the team's creative energies. Once you have nailed the general design concept, this approach leads to more innovative outcomes rather than meandering aimlessly from one idea to another. This is a tricky position because you have to balance direct with an open mind.*

They outline a design thinking process in the book that I believe can be utilized in designing your prototype. I paraphrase their material and combined with my own into a format for prototypes:

> ***Keep good records** – Archive everything. I used to use a box in my room for different design projects. I would tear out magazine articles, copies of book pages, pictures, sketches. I have since narrowed that down and store most of my files electronically, which also includes audio and video recordings, links to other material and so forth.*

> ***Constantly generate and refine ideas based on customer's perspective** – This is not problem solving. It is one of the reasons that I discuss the Marketing Gateway of EDCA > PDCA>SDCA. It is*

also why getting a prototype out in front of the customer early – even in the pen and paper stage - is so important. What we think are great ideas, may not be so great. If you are going to be as radical as Clayton Christensen says, "Consider your customers' deepest values and interest rather than their purchasing behavior".

Visualization, Mock-ups, Models – *This is the most effective way of advancing an idea into reality. This is the heart of your prototype. Remember that verbal communication is often misunderstood. A better way to communicate your idea is to express it in some type of visual form. It can be done through rehearsing, sketches, interviews, skits and many other techniques. As the old saying goes; a picture is worth a thousand words. If a picture is worth a thousand words, an actual physical representation is worth a million words. If you want to get great feedback on your idea, build a prototype. Nothing gets your idea across better than something people can participate in by providing questions and feedback. One of the reasons managers struggle with this guideline is that they fear not delivering a finished and polished product/service, but this is not necessarily true.*

When you see interaction in prototype, you will know that you're on the right path. One of my favorite stories, and coincidentally again about the Palm Pilot, was that the inventor went into a "Shark Tank" (not the TV show or a literal definition) and was completely ill-prepared. Looking around for something to engage his audience, he tossed a wallet in the middle of the table and said it would look something like this. Moments later, he saw them starting to look at the wallet and knew the deal was done when they started passing the wallet around the table.

Get Feedback and Involvement from a variety of People – Search for feedback from a diverse group of potential customers, suppliers, fellow managers, employees, and content experts. You may get a lot of suggestions, but only a few might be useful (that's okay; it is a journey). You never know when someone will give you unexpected insight that would have been overlooked had you not searched out a lot of the opinions of others. The key point is to build something you can receive feedback on and return to rebuild as soon as possible. Moreover, with available technologies today, it's getting easier to make prototypes. But don't stop there. What about an interactive play? What would a sales presentation look like as a prototype? You could invite customers and maybe even local actors and directors of local theaters. This is play time, use it and get the most out of it from as many people as possible.

Prototyping is meant to be an iterative process. But this is a new practice for most people and organizations. Most people within organizations are implementing orders and maintaining the way a company operates. So how do you create this type of thinking and bring it into reality in everyday work? More importantly, how do you learn to experiment? This is why it is so important to have developed the SDCA and PDCA frameworks within an organization before venturing into EDCA. Without this existing culture, (that little i again) the big I of innovation is seldom successful.

The best way to learn how to prototype is to try to act out a service encounter at your location. Use people from your own organization to create the atmosphere of a rehearsal. Ask for volunteers from a local college theatre program to play a few parts. The process itself is very easy. The asking is the hard part.

From the book This is Service Design Thinking the authors state this perspective on Service Prototypes:

Prototyping

What is it? A service prototype is a simulation of a service experience. These simulations can range from being informal "role play" style conversations, to more detailed full scale recreations involving active user-participation props, and physical touch points.

How is it made? Usually some form of mock-up of the service system will be created. The prototype can vary greatly in terms of tone and complexity, but the common element will be the capacity to test the service solutions being proposed in something approaching a "real-world" environment. The prototype will generally he developed iteratively, with suggestions and refinements being constantly incorporated.

Why is it used? Service prototypes can generate a far deeper understanding of a service than is possible with written or visual descriptions. The principle of "learning by doing" is prevalent throughout, with the focus on user experience meaning the prototype can also generate tangible evidence on which solutions can be founded. Prototypes also help iterate design solutions, as they can quickly incorporate and test the ideas and refinements they may provoke.

Service Staging

What is it? Service staging is the physical acting out of scenarios and prototypes by design teams, staff, or even customers in a situation that resembles a theater rehearsal. Those participating will usually act out an encounter that one of the team has experienced, or explore a prototype situation.

How is it done? When using service staging it is crucial to create a playful "safe space" environment to ensure that participants are comfortable and open enough to become fully involved with the exercise. After a story boarding phase to record real experiences or develop new prototypes, people take on roles – such as customer or staff member – and act out the situation in an iterative cycle, moving from the starting story board to a new design. Group methods like "Forum Theater" are used for idea generation and to keep everyone involved. Alternatively, one person may serve as the director" making suggestions to solve the problems that are revealed.

Why is it used? Service staging brings kinesthetic learning and emotion into the design process. It allows people to focus on the minute of subtext and body language, both of which are crucial to understanding the real-world situations in which a service is delivered. Playing different characters in a reality-based scenario allows designers to empathize with the personas on which they are based.

Do you need to prototype each of the three user story scenarios that we have saved? Only customers provide results, and customer satisfaction is the key result you are looking for. I think the smartest companies ask their customers what the requirements should be for the product or service and then work backwards. This is what we have done up to this point. The not so smart designs a service and then figures out ways to market and sell it. We have a tendency to start internalizing the process once we get to the idea stage. Now is the time we must include our customers more than ever. Afraid that it is not complete enough? The more complete the project the less feedback you will receive. The idea is to generate ideas and gather feedback. It is not meant for validation of the service.

"Prototypes are a way of thinking out loud. You want the right people thinking out loud with you." – Paul MacCready

Try prototyping your 3 ideas and at this point reflecting on only these 4 questions:

1. What worked?
2. What could be improved?
3. What additional questions were raised?
4. What new ideas did it generate?

Recommended Reading/Listening

A Service Design Thinking Primer	eBook	podcast
A Product Marketers perspective on Prototyping		podcast
Simulating Lean Supply Chain Thinking	eBook	podcast
Lean Simulations and Training Tips	eBook	podcast

I introduced the Business Model Canvas and had asked you to complete it based on a service product that you knew well. Hopefully, you had done that and left it on your wall or at least visible during the program. You may want to go back and review that section but to precede print out a blank copy and the material for the best prototype idea that you have. It is best to take all three through this process, unless there was a vastly superior model discovered.

Companies are not so much in the business of what we buy, but the way we act. Behavior is the unknowable variable in every innovation, and it is the variable that most determines the opportunity a new business model has to evolve and take advantage of the new behavior.
– Thomas Koulopoulos

Complete the Business Model Canvas or a version of it as this will define our Business Model going forward. Are we in need of additional validation? Are we missing some blocks entirely? We are using the process and philosophy of EDCA (Explore-Do-Check-Act). Many people mistake the Check and Act stage and Deming himself preferred the nomenclature of PDSA over PDCA. In this format the stages of Check(Study) is the prototyping stage and the Act (Adjust) stage is our final test to see if we are ready to standardize and go forward or we need to adjust and iterate again. The Business Model Canvas is an incredible document for visualizing the Design at this moment.

The nine blocks can be completed by answering these questions:

1. *Key Partners: Who helps you?*
2. *Key Activities: What you do?*
3. *Key Resources: Who you are and what you have?*
4. *Cost Structure: What you give?*
5. *Value Proposition: How you help?*
6. *Customer Relationships: How you interact?*
7. *Channels: How they know you (pre-purchase) and how you deliver (post-purchase)?*
8. *Customer Segments: Who you help?*
9. *Revenue Streams: What you get?*

Taking this approach, having it well defined, results in a great deal of clarity not only for your organization but for your customers. I doubt that you will deliver a successful service product if you cannot answer these nine blocks, these nine questions, remember Disney's Dreamer, Realist, and Critic model. We started the Design Module with defining the "what is" – the current state. We entered into the "what if", the world of the Dreamer. We will then prototype during the realist stage. Now, we attempt to complete the canvas as the critic. This is your effort to create Standard Work. You may have to improve on this model, refining your delivery through prototyping or use one of the other prototypes. Seldom though will we go back to the ideation stage.

Attempting to complete the Business Model Canvas, you may discover that you need iteration through the prototype you offered. Or you may need to go to market with what you have, even though you have a weakness in one of the blocks. Make sure any weaknesses you discover are not in an area where your customer places a significant value. If they are, you may have to consider an alternative prototype.

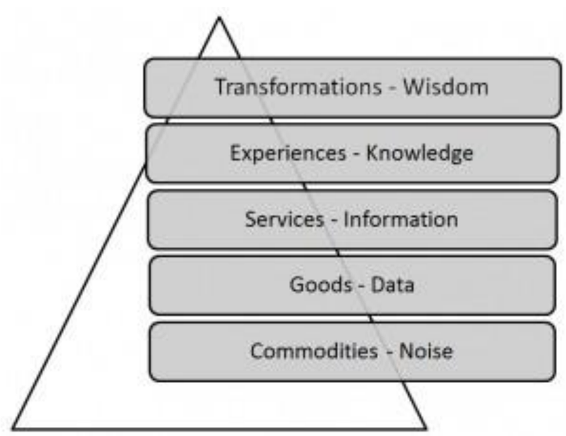
Chapter 4

Trilogy

To summarize the previous chapters:

- SDCA: Lean Module centered on Standard Work and 5s
- PDCA: Service Module centered on understanding who you are and developing an improvement cycle
- EDCA: The Design Module centered on exploring and testing new ideas and ended with a review of the Business Model Canvas.

The Trilogy Module will focus on putting all three into practice.



First, I would like to emphasis the importance of knowing, understanding how a customer/prospect views and uses your Service Products. In a previous chapter, I introduced the pyramid of the Progressions of Economic Value and Valuable Intelligence from the book, The Experience Economy. Each level of economic value corresponds to a level of valuable intelligence (commodities to noise, goods to data, etc.). From the book:

> *While the economic offering becomes more and more intangible with each step up the next echelon, the value of the offering becomes more and more tangible. Economists often talk about the line of intangibility between goods and services to which we add the line of memorability before experiences and the line of sustainability before transformations. Goods and services remain outside of the individual,*

> *while experiences actually reach inside of the individual to the value of the offering.*
>
> *Nothing is more important, more abiding, or more wealth-creating than the wisdom required transforming customers. And nothing will command as high a price.*

In the book Idealized Design, the authors used a similar hierarchy for the key terms involved in describing organizational learning. They are as follows:

- *Data consist of symbols that represent the properties of objects and events. They have little value until they have been processed into information Data are to information as iron ore is to iron. Little can be done with iron ore until it is processed into iron.*
- *Information consists of data that has been processed to be useful. It is contained in descriptions, answers to question beginning with such words as what, who, when, when, and how many.*
- *Knowledge is contained in instructions, answers to how-to questions.*
- *Understanding is contained in explanations, answers to the why questions.*
- *Wisdom is concerned with the value of outcomes, effectiveness, whereas the other four types of mental content are concerned with efficiency. Efficiency is concerned with doing things right; effectiveness is concerned with doing the right thing.*

These key terms can help you in developing user stories and understanding how a customer may view your service offering.

Do not underestimate the value of understanding the current state. It serves as a guideline to communicate the opportunities so they may be prioritized and then acted upon. It helps build a shared and consistent understanding of the customer's experience of your process and of your business as a whole. Understanding where your service product fits into the hierarchy above is one of the first steps in creating an effective Service Product.

Secondly, you should pay particular attention to identifying critical control points (moments of truth) or interfaces with the customer. These critical points deserve special consideration as they typically will be the deciding factor for your customers. You may ask what they will look like. I typically find two obvious areas are the cause of most concern. First is the area of flow. If your service process does not flow well in its delivery to the customer, it seldom flows well for the customer. Your service must be in sync with the customer's ability to react to the moment. A crystal ball would be great, but if your typical customer takes three months to make a decision about your service, trying to accelerate or stretch that process out will seldom prove successful.

Thirdly, a clear-cut understanding of how that service meets your customer's needs is imperative. A strong value proposition is the first step in building a successful service product. Many organizations struggle with this concept and do not utilize the tools available to understand their service product from the customers' viewpoint. They are in love with what they do. Understanding how your customer perceives your position in the marketplace relative to your competition may be the single most important issue you face.

Many organizations try to build their first service product journeys into a simple stream. I encourage breaking it down and allowing for exceptions but don't spend energy on scrutinizing each and every one. Seldom will your organization's service products be so clear-cut that have one customer journey. Many of the answers to these exceptions will be found as you take a deeper dive into the primary journey. One of the powers of mapping the customer journey is that it enables the team to see the entire picture. This coincides with the fundamental Lean thinking of optimizing the entire process versus the individual stages.

Many times, exceptions are a result of limited resources. If this is a new service product, I would start by suggesting that you have unlimited resources then ask what the structure would look like.

Fourthly, respect your people. Trust your team knows how to improve their process more than anyone else. They can tell you if the paperwork, request for proposals, and specifications are flowing. They know the degree of misunderstandings that are occurring internally and with customers. And always remember, the customer experience will mimic the employee experience.

The fundamental goal should be one of discovery, learning and adaptability with a shared responsibility for a successful outcome. That implies that it is all about engaging both organizations into effective problem-solving and learning. In applying this, think of the customer journey in terms of a series of iterative loops of problem solving and knowledge creation. Taking this approach, each iterative cycle should be built around (adapted from the "Manifesto for Agile Software Development"):

- *Individuals and interactions over processes and tools*
- *Content-rich material overelaborate promotion*
- *Customer collaboration over contract negotiation*
- *Response to changing customer needs over following a plan*

In 'The no-nonsense guide to standardized work', Robert Thompson explains;

Employees, not 'outsiders', study the jobs they know intimately in order to uncover best practices and create methodologies for continuous process improvement. Thus they become responsible for solving problems and own the standards that result.

In a Dennis Stevens post, Does Process Discipline Really Reduce Creativity?, he says:

Something I find interesting is the push back. I hear from Agile developers that process discipline will inhibit their creativity. They say, "Software development is a creative activity. If you put process rigor around it you will inhibit our creativity." I have heard others complain about applying Lean concepts to software development. "This isn't manufacturing," they say, "There is no place for standard work in what we do.

These are the same arguments that I hear time and time again in developing standards for sales and marketing and service processes. The importance of standard work is that it is the starting point to creating efficient and effective ways to communicate with your potential customers.

Dennis Stevens also added in the post,

In fact, it is because software development is a creative process and because it isn't manufacturing, there are a whole set of processes that must exist to drive value. It is important to focus creativity where it adds value. It is also important to create an environment where creativity can be harnessed. You may not be able to create standard work around domain-specific problem solving, but I contend that the higher the level of process discipline in the team, the more reliably developers will deliver value. Further, I believe that the lack of *discipline in the following process areas is the key contributor to poor performance – particularly in new Agile teams.*

Standard work begins with understanding the customer. We determine customer requirements and make sure we can deliver on those requirements. Delivering on these requirements consistently means that we need to be in control of our processes. Simply stated, we are only in control of our processes when we have documented procedures.

A little bit of a Spoof, but nevertheless an outline on how to create a Lean Service Design, watch the video LSDT Simple Design.

Team Identification: When I use the SALES PDCA approach in Lean Marketing, I emphasize the use of sales and marketing teams. It is one of the underlying principles that are needed. A few basic team development structures need to be identified at the very beginning of the project.

The Lean Service Design Process is designed around the three processes of SDCA, PDCA, and EDCA. First, we must address everyone's standard work. If we do not, there is limited work that can get accomplished and seldom can a team come together to accomplish the other work of PDCA and EDCA.

The amount of Standard Work that each person has differs from organization to organization and from person to person but we all have some. My thoughts about Standard Work:

- Standard Work should only encompass part of your time.
- Every person wants some form of standard work. Most enjoy doing tasks that they are comfortable with and it gives them a sense of accomplishment when completed.
- Standard Work is what provides a line of sight for your team. It enables support and provides opportunity for managers to serve you.

- Standardizing your work makes it easier for customers to go deeper into your organization for knowledge sharing. This provides a flood of new ideas for innovation and co-creation opportunities. More importantly, it secures a vendor-customer relationship or partnership that is difficult for others to replicate.
- Standard Work does not need to be boring, remember Zappos.

I have been a longtime fan and practitioner of Franklin Covey's, The 4 Disciplines of Execution. In 4DEx, they use the term the "Whirlwind" in the same manner as I think about Standard Work. As they describe operating outside the whirlwind (SDCA) think of that as PDCA or EDCA depending on if you are looking for incremental or breakthrough type improvement.

People can participate on one type of team, two or all three teams. Even though it is hard to imagine that there would not be both SDCA and PDCA in everyone's job, there may not be EDCA. Or, it may only be on an infrequent basis. What I encourage though is that the time spent is clearly defined with emphasis on handling one hour of EDCA a week as there is thirty hours of SDCA. It should be a very fluid process. I am not trying to split hairs about time, just trying to reinforce a point that is described in the video above from Franklin Covey.

One of the key considerations in developing a team is to determine the objective of the cycle. Is it primarily problem resolution, creativity, or tactical execution? Team structure needs to be considered as well as the participants. You will find a variety of structures will work for you, but the typical model is one of a business team that has a team leader, and all others are on equal footing. Many times the team leader is really just a participant but has the administrative work as an added responsibility.

Think about the kind of team needed: Tactical execution (SDCA), Problem Resolution (PDCA), and Creativity (EDCA). Separate the sessions so people know which hat they are wearing when. Without this process, you may have creative teams working on tactical execution or on the other hand a problem-solving team working on a creative solution.

Once you've identified the team's broadest objective—problem resolution, creativity, or tactical execution—set up a team structure that emphasizes the characteristic that is most important for that kind of team. For a problem-resolution team, you emphasize trust for a creativity team, autonomy, and for a tactical-execution team, clarity. Listed below is an outline identifying the team structures (adapted from Teamwork and the Rapid Development books):

SDCA: Tactical-Execution Team

1. Objective: Focuses on carrying out a well-defined plan.
2. Dominant Feature: Clarity
3. Sales Process Example: Upgrade to an existing product
4. Process emphasis: Highly focused task with clear roles
5. Lifecycle Models: Waterfall, design to schedule, spiral, staged delivery
6. Team Members: Loyal, committed, action-orientated, sense of urgency, responsiveness
7. Team Models: Business team, feature team, SWAT

PDCA: Problem-resolution team:

1. Objective: Focuses on solving complex, poorly defined problems.
2. Dominant Feature: Trust
3. Sales Process Example: Sales inquiry for proposal
4. Process emphasis: Focus on issues

5. Lifecycle Models: Try and Fix, spiral
6. Team Members: Intelligent, street-smart, people-sensitive, high integrity
7. Team Models: Business team, professional athletic team, search and rescue, SWAT

EDCA: Creativity Team:

1. Objective: Explore possibilities and alternatives.
2. Dominant Feature: Autonomy
3. Sales Process Example: Creating a new advertising program
4. Process emphasis: Explore possibilities and alternatives
5. Lifecycle Models: Evolutionary prototyping, evolutionary delivery, staged delivery, spiral, design-to-schedule
6. Team Members: Cerebral, independent thinkers, self-starters, tenacious
7. Team Models: Business team, feature team, skunk-works team, theater team

Watch the video: *LSDT Team Concepts.*

The *Lean Engagement Team* book available on the Business901 website provides additional information on this subject.

Leader Standard Work is becoming more commonplace and the standard for the development of a Lean Culture. It is extremely adaptable and found both in trade and professional services. It excels in experienced based professions but it may struggle in what I would call knowledge-based services. The problem is there are more knowledge-based jobs being created every day. The experience based jobs either gets automated or outsourced. For more information on that subject, read Dan Pink's, A Whole New Mind: Why Right-Brainers Will Rule the Future.

Since Lean is so intrinsically tied to standard work, many believe Lean cannot apply to their "Knowledge-Based" occupation. In fact, it is often resisted in these circles. When met with resistance, I have found that typically there is a good reason why. As I review most Leader Standard Work for knowledge workers, I still find them heavily laden with specific instructions and very results-based focus. In Sales and Marketing (I am considering Sales and Marketing to be knowledge work) , you will see instructions such as make 25 calls, send out 15 e-mails, 3 blog posts a week, etc. On the other hand, I do see slack time allowed under the disguise of daily or weekly Kaizen.

Leader Standard Work will fizzle out quickly if you simply try to practice Leader Standard Work through Lean Training, coupled with your experience and trying to become more proficient through iteration after iteration. It doesn't work that way. In fact, it may take years, certainly months, to acquire the skills needed. What stops you is that you not only have to learn new skills but these skills and learning are not stagnant. They are in constant turmoil; developing, adapting and evolving while obsoleting the existing structure.

Many companies may fall short as a result of not creating the internal collaboration structure needed for learning. The organization must develop as a whole and this can only be accomplished by developing their personnel by providing the necessary resources and opportunities. We also need to promote individual differences. Instead of teaching the way to do some things, we may need to step back and determine the key points that are required, as Simon Sinek says the "Why" while leaving the "How" alone (Start with Why: How Great Leaders Inspire Everyone to Take Action).

What will drive Leader Standard Work is the "Why" more so than the "How". The "Why" provides the clear strategic intent which will provide the fuel for Leader Standard Work. This analogy is wonderfully described in David Mann's Book Creating a Lean Culture: Tools to Sustain Lean Conversions, Second Edition where he uses an automotive analogy to describe the four principles of the Lean Management System:

1. *Leader Standard Work – Engine*
2. *Daily Accountability Process – Gas Pedal and Steering Wheel*
3. *Visual Controls – Transmission*
4. *Discipline – Fuel*

When developing your Leader Standard Work address these three items;

1. *Clarification – Minimum standard is explicit*
2. *Commitment – Level of commitment is expected from the individual*
3. *Connection – A path for support through conversation is provided.*

Can your Leader Standard Work pass the 3 C Test?

Standardizing your work provides opportunity to spread it within your organization and make it easier for customers to go deeper into your organization for knowledge sharing. This provides a flood of new ideas for innovation and co-creation opportunities. But even more importantly, it secures a vendor-customer relationship or partnership that is difficult for others to replicate.

The amount of Standard Work that you decide for your teams will differ from organization to organization and from team to team. Standard Work should only encompass part of your time. Knowledge workers should have a fair amount of slack time built into their process, i.e. Google, 3M. On the other hand, just about every person wants some form of standard work. Most enjoy doing tasks that they are comfortable with and it gives them a sense of accomplishment when completed.

Standardizing your work provides opportunity to spread it within your organization and make it easier for customers to go deeper into your organization for knowledge sharing. This provides a flood of new ideas for innovation and co-creation opportunities. But even more importantly, it secures a vendor-customer relationship or partnership that is difficult for others to replicate.

A perspective on Standard Work from Steve Bell (Steve and his partner Mike Orzen later published Lean IT: Enabling and Sustaining Your Lean Transformation):

> *But when you get right down to it the principles of Lean are the same. It's about collaborative learning. It's about speed. It's about quality. It's about waste reduction. Those basic principles are the same.*
>
> *What he has concluded and what I have concluded is you need to create a framework for the people who are actually doing the work to come together, figure out what the work is to be done. Where's the value? Where's the waste? And iteratively, through experiments, find ways to do it better and better. Each time you learn. You go through a cycle of learning. You improve the process and at the same time you understand more about the subtleties about the process and that's where the paradox of Lean emerges. As you're standardizing something you're also gaining insights into it which leads to creativity and innovation.*
>
> *Many people react to standard work thinking that you're just turning people into robots. What you're actually doing is you're helping people,*

removing the drudgery and the repetitiveness from the work, making the work flow more smoothly and quickly, which frees up peoples valuable time and energy to figure out ways to do the work better and to do new kinds of work.

I think that's the real magic of Lean whether it's in IT or any other industry. When you see a team really get it and start to think and act like a team with a focus on the customer and they own the product, they own the process, they own their relationship with the customer, then the role of management isn't so much a directive role or a controlling role but the role of management is to help remove the obstacles in the teams way. That's when you have high performance, self-directing teams that really start to energize the company. When that happens that's where the momentum comes from.

Watch the video: LSDT SDCA.

If you want **execution**, keep it simple! From a business stand point; there are many more success stories that are founded on simple and focused ideas, rather than complex ones. Lean is a very simple concept, it is a learn by doing approach. If you can master this, you will be in service design. It can be taught in 3 steps:

1. Go and See the USER.
2. Form a vision of where the USER wants to go.
3. Visualize the USER's decision process.

In practice, Lean Service Design is essentially a knowledge transfer system; it's a training system on how to define knowledge gaps and close them. How you learn or develop this new skill is the same way you are taught to become proficient at anything. It is how often you do something, not how much you do. As a result, the best way to learn is to keep it simple (clarity), do it often (repetition/iteration) and make it manageable. In the Lean sense, make standard work visual and uncomplicated.

I encourage the Lean Engagement Teams that I work with to create daily habits through their reports use these at the daily standup meetings. By going through their action plan and either answering yes, no or maybe with a number, they start creating a daily plan with something very simple. The secret is not to break the chain. After doing this for a while it becomes a habit and something you enjoy doing. It is like a checkmark on a checklist or moving the card on a Kanban to the "Done" Column. Make no mistake about it; **EXECUTION** is what we are looking for from standard work.

> *If you execute, you can do anything. When a company has a clear mission, and people know how their individual mission fits into the big picture, everyone paddles in the same direction. —Stephen Cooper*

The biggest influence on my ability to execute has been Stephen Covey's, The 7 Habits of Highly Effective People. It provided me with a personal method to perform standard work. A later program developed by Franklin Covey was the The 4 Disciplines of Execution, which I still listen to for reinforcement but without the context of the training. The four disciplines serve as a great guideline for execution:

1. ***Focus on the Wildly Important:*** *Human beings are wired to do only one thing at a time with excellence. The more we narrow our focus, the greater the chance of achieving our goals with excellence.*
2. ***Create a Compelling Scoreboard:*** *People play differently when they're keeping score.*

3. ***Translate Lofty Goals into Specific Actions:*** *To achieve goals you've never achieved before, you need to start doing things you've never done before. • Using an entrepreneurial*
4. ***Hold Each Other Accountable All of the Time:*** *Knowing others are counting on you raises your level of commitment.*

These disciplines are what guide my own work and have allowed me to guide teams into higher levels of performance. As I started my consulting path a few years back, I became a facilitator for the Get Clients Now – 28 Day Program. I always struggled with it somewhat because of the language used, appetizers, desserts, etc. but for the most part it provided a simple and concise action plan for assembling Wildly Important into Specific Actions into a Compelling Scoreboard (The Action Worksheet). When used with teams, it provides an excellent format for providing you with a line of sight in daily stand-ups and weekly meetings. It was easily modified for individuals and organizations in Google docs for the teams that I was working with. As we all know, most sales efforts fall short in their ability to follow up which is at the core of the Get Clients Now Program. This outline became the core of standard work for my training programs.

Follow-through is the cornerstone of execution, and every leader who is good at executing, follows through religiously. Following through ensures that people are doing the things they committed to do. – Larry Bossidy

In my previous project management experience, I had found it was a matter of available resources that was the biggest inhibitor to actual execution. In most instances, thinking from a manufacturing point of view or using GCN terminology, a cook's perspective, it was a missing tool or ingredient. When someone has all the tools and/or material to do the job, they usually get the job done efficiently and at a high quality level. It holds true for sales and marketing. However, it always seemed to me that many action steps were started without the necessary resources available. The secret to what we needed to document in standard work was the needed resources to complete the action step and accept no workarounds.

Scott Belsky uses an approach called *The Action Method,* which is extremely simple and highly intuitive for a single person and/or team. I have used the paper, online and the through app for my iPhone, all in combination with very little redundant work. What the Action Planner does is creates a system that emphasizes action steps and having the supporting resources available. This is the essence of standard work for the Lean Engagement Team. Making the resources you are utilizing and highlighting what you are missing to the rest of the team, Team Coordinator and Value Stream Manager is the single most important part of the Daily Standup and Weekly Tactical. It allows work to flow.

The point is not what tool you use. The point is mastering it so it takes little effort to make your work visible to the rest of the team. This line of sight is what makes teamwork possible. Both of these methods require little, if any, experience and more importantly can be completed quickly.

The typical daily stand-up goes like this:

1. State the action item and report, did you do it: yes or no
2. If not, what stopped you? Was a resource missing?
3. What am I going to do today. Am I missing any resources? Who can help (if so, meet afterwards)?

The biggest problem I have had in these daily standups is that the managers have a tendency to turn them into longer sessions. They want to manage. The idea behind a daily standup is for tactical purposes. It is meant to enable team members to carry out their actions; nothing more, nothing less.

Managers, if they are participating, should be enablers of the actions or in Lean terms the role of servant leadership.

One other suggestion: If you are familiar with David Anderson's Kanban and/or Jim Benson's Personal Kanban techniques of making work visible, this method could be used in place of the Team Member Standard Work Sheets.

The Deming Cycle or The Plan-Do-Check-Act (PDCA) model is a proven framework for implementing continuous quality improvement. It originated in the 1920s with Walter A. Shewhart. These four steps provide the framework for continuous improvement. The PDCA cycle basically starts with a plan and ends with an action in accordance with the information learned during the process. In later years, Deming actually changed the Check portion to the term Study to highlight the creation and validation of new knowledge during that portion of the cycle.

Plan: The Plan stage should take up 50% of your efforts and it is where you define the customer objectives or the problem statement and determine the conditions and methods required to achieve the objectives. It is imperative that you clearly describe the customer need you must fulfill and the goals and policies required to achieve the objectives at this stage. A specific target should be documented numerically, if possible, and the procedures and conditions for the means and methods to achieve this target must be described.

Summary of the Plan Stage:

- State the objective of the change.
- Define causes within the current state that keep the system from achieving the objective.
- Determine baseline measurements of the existing process.

- Understand the causes that make up the problem.
- Decide what needs to change to eliminate the problem.
- Develop a plan to carry out the change

Do: In the Do stage, conditions are created and the necessary training or additional support to execute the plan is implemented. It is important that the sales/marketing teams completely understand the objectives and the plan and are in agreement with the procedures needed to fulfill the plan. The work is then performed according to these procedures.

Summary of the Do Stage:

- Implement the change in a trial form.
- Adjust and modify where needed.
- Document what you have learned, both expected and unexpected.

Check: In the Check stage, one must check to determine whether work is progressing according to the plan and whether the expected results are obtained. The performance of the set procedures must be checked against changes in conditions, or deviations may appear. As often as possible, the results of the work should be compared with the objectives. If a check detects a deviation (actual value differs from the target value) then a search for the cause of the deviation must be initiated to prevent its recurrence.

Summary of the Check Stage:

- Analyze the data.
- Compare data to predictions.
- Summarize what was learned from the trial.
- Proceed with full implementation if results are acceptable, otherwise return to the Plan phase.

Act: If the Action stage determines that the work is not being performed according to plan or those results are not what were anticipated, measures must be devised for appropriate action and you go back thru the next project.

Summary of the Act Stage:

- Standardize changes learned into the implementation.
- Complete the data analysis and verify to the target.
- Establish the process/controls needed to monitor.
- Maintain the improvement over time.
- Determine when the next improvement cycle is needed.

Watch the video: LSDT PDCA Cycle.

A fundamental principle of the scientific method and PDCA is iteration. Once a hypothesis is confirmed (or negated), executing the cycle again will extend the knowledge further. Repeating the PDCA cycle can bring us closer to the goal, usually a perfect operation and output.

Detailed long-term planning cannot meet the rapid changes occurring in the market place and is falling out of favor. Rapid cycles found in Agile software development are becoming more common. The reason is that most successful sales cycles meet market needs by having a high degree of flexibility and the ability to adjust their plans as needed. So, with iterative cycles the rage, is there any need for a planning stage?

We use PDCA to provide a flexible structure and create a team with shared responsibility and authority for a successful outcome. The plan is in creating an effective way for teams to work, create, share and capture knowledge during the sales cycle. It has been said that less than 20% of the knowledge within a company is captured. When you consider that you are primarily dealing outside the company, that percentage has to be significantly lower. PDCA is an effective methodology that can be utilized to counteract this. It is first and foremost a learning tool that emphasizes the creation, sharing and capturing of knowledge. It is also a people process that emphasizes learning by doing, and as a result, focuses on making things happen.

Review the PDF of My First PDCA

PDCA should be repeatedly implemented in spirals of increasing knowledge of the system that converge on the ultimate goal, each cycle closer than the previous. This approach is based on the belief that our knowledge and skills are limited, but are improving. Especially at the start of a project, key information may not be known; the PDCA provides feedback to justify our guesses (hypotheses) and increase our knowledge. The Knowledge Creation PDCA Cycle is actually very simple:

1. In the first stage, Plan is defined as companies connecting in a new way to bring new knowledge. This connection may have occurred through the web, conferences, experiences or research. It is the accumulation stage where the organizations share their knowledge and determine the next learning opportunity.
2. In the 2nd stage, Do is defined as converting the new knowledge needed in processes, practice, material and culture to each organization. In this stage, the company intends to distribute and utilize knowledge between the experts in service, IT, supply, finance, etc. to assure value is delivered between companies. The goal is to create an all for one, one for all approach.
3. In the 3rd stage, Check is the measurement of understanding. We do not only evaluate the knowledge shared but the process and workflow. Creating the flow of knowledge and optimizing the interactions typically becomes the most valued part of the interaction. Simple

questions are asked such as: What are we here to do? What are we learning? Who will do what by when? How are we doing? What needs more of our attention?

4. In the 4th stage, Act is the application of knowledge and interaction is transformed into competitive advantage. Utilization and reutilization of these components on real problems and the ability to deliver the product/service as required is answered here. This cycle may only be one step in a multiple-decision-making process or at the point of a purchase decision.

One way of reducing cycle time is to create faster feedback loops. First, take one of the stages of the customer decision-making process and break it down into multiple loops or cycles. Prioritize the loops and define the work that needs to be done within the first cycle through the use of a user story.

The result of this is that you generate fast feedback by offering the customer smaller parcels of information to see if you are on the correct path or to gain buy-in of a smaller step of the process.

Early customer feedback results in a better focus on the problem. As a result, less work is done on superfluous tasks and more work is done on the required objectives. Little waste is generated because the feedback is so quick that obvious deviations are discarded.

Faster feedback can result in increased quality. There are a number of reasons for this. Shorter cycles result in better fit since the feedback can be gathered and applied frequently. Also, faster feedback means that the team can minimize the work required to meet the objectives. Less re-work is required (you are constantly tweaking) and this is very advantageous compared to the large time-consuming proposals that are often generated.

Another advantage of this process is that you only do the iterations that you are comfortable doing. You don't have to start every task in order. The flexibility of being able to put off some decisions to the last possible moment does not detract from the overall objective. By doing other cycles first, you will have increased knowledge of the cycle that will add better definition to the most difficult tasks.

By putting order into your learning cycle you will find that most of the time before was spent waiting on decisions or tasks that others were doing. Wait time is significantly reduced because the smaller cycles are much easier to complete and easier handoffs are created which may simplify the task of others.

Working on the basics makes a difference. To improve your football team, you need to work on blocking and tackling. To improve your learning (PDCA) cycle, you need to work on your feedback loops.

A3 Thinking Introduction: There are basically four types of A3: Problem Solving, Proposal, Status and Strategy. For a complete description and understanding of these, I would recommend reading Understanding A3 Thinking by Sobek and Smalley. This, in my opinion, is the foremost work on A3 thinking and description of its use.

The Problem Solving A3 report is the most common and is the basis for all of the others. It is has been called the thinking form. This structure is the primary tool that Toyota has used to enact PDCA throughout their organization.

The Proposal A3 format is basically the same as the problem solving report, except the implementation stage and follow-up are pending. It defines what you are going to do; it is a proposal. Many times it could even be a pilot or a sample offer stating that with these types of results, we will proceed. This type of documentation is very common in marketing. I even use this structure for my own marketing proposals and quotes.

The third type of A3 is the Status report. Think of it as a snapshot of the situation. From this, you can develop a call-to-action but it is not meant to be a problem-solving exercise. The status report is much like an end-month balance sheet.

The Strategy A3 focuses on a business planning strategy, or in the case of this writing, a marketing plan. It is a planning report that looks at strategy for a longer period and at a higher level than the others.

We will concentrate on the problem solving A3. It is the most common and creates the best learning tool for A3 thinking. There is a basic nine-step process that takes place.

1. Select the problem area
2. Clarify the problem
3. Break down the problem
4. Set the target
5. Investigate/analyze cause(s) then determine root cause
6. Determine countermeasures and agree on plan
7. Manage implementation plan
8. Check and evaluate results and process
9. Standardize and share, then decide next problem

The team selection is very important in developing A3s. I cannot emphasize enough the importance of collaboration and building a team. You should go to great lengths to find people who are interested in working in a "network" type environment in solving problems, building, and supporting each other.

Typically, you must start building a team from a functional perspective. You have to have the technical expertise on hand when problem solving. Do you have someone from IT or HR that may be needed?

Time is another important aspect that needs to be considered. You do not want to create a team if only half the participants can be there. Geographic, psychographic, and all these types of parameters need to be considered, the same as you would do for any other type of project.

Collaboration is critical to the process of generating ideas and problems in any organization. When you review the principles of Kaizen and Agile, your ability to succeed really comes down to how good a team you put together.

Taking a broader stroke may not be in the definition of the project; when you develop a current state, check back to see if you have all the team members you need to solve the problem. The A3 process does not demand that once your team is set it does not change. It may have to. However, the A3 is the glue. It is what keeps the team focused and allows others to pick up where they left off or pick up in the middle of the project.

As you start in EDCA, remember that the User/Customer is at the center of your universe. You have to continue improving and earning the right to remain within their sphere of influence. Most of us design services around how we think, not how the customer thinks. We have this idea that we know what is right. What I can tell you is that you are probably wrong. Move away from thinking that you are the "expert" or the smartest person in the room. Instead move towards the thinking that the "room is the smartest person." In the EDCA outline that follows take the time to invest in learning from and with your customer. Invest in an excellent customer service experience. Keep asking yourself:

Whom do we serve?	Who are the influencers?
Is the service personalized?	Are we creating memorable experiences, stories?
Is customer experience everyone's job?	Is everyone willing to take ownership of the experience?
Is service thought of as a competitive advantage?	Is service reinforcing our company's value proposition?
Are we looking at measures holistically?	Are we measuring what counts to our customers?

Is the service (touchpoint) good enough to create a desire to visit us again?

A comment from Timothy Prestero:

> *In Where Good Ideas Come From, Steven Johnson quotes Steve Jobs on the allegory of the concept car. Most products lose their innovative spark because the standard linear product development process–where the concept passes from designers to engineers and then to manufacturing–ultimately favors simplification and subtraction. Apple produces superior results because "all the groups [...] meet continuously through the product-development cycle, brainstorming, trading ideas and solutions, strategizing over the most pressing issues, and generally keeping the conversation open to a diverse group of perspectives." (p.171)*

> *Also, when considering outcomes, it's hard to resist becoming reductionist. Affordability is critical, but cost estimates need to include "cost to buy" as well as "cost to own." Similarly, where sales volume and profitability are suitable success indicators for many consumer products, "use and benefit" is the only meaningful indicator in design*

for social impact. It's a daunting standard: one definition of hell is "accountability without authority"–and as mere designers we aren't the ones putting Firefly in hospitals or babies in the device.

Developing regular discussion around the visual management board is one of the most important processes in the creative process. It is the easiest way to build a collaborative structure. Most creative types do not like to hear this, but it is the foundation of Leader Standard Work; visualization and joint responsibility. As we develop more complexity and drive down decision making to the customer facing areas this structure provides the clarity and feedback for even the inexperienced service provider. The Standard Work of EDCA will generate more creative solutions versus hindering them.

- It will save time on documentation and reporting.
- People are actually more creative when they have a framework to start with.
- Teamwork is part of the process from the beginning, and teams are always more creative (and effective) than the individual.

Watch this video on how Leader Standard Work plays a role in EDCA: LSDT EDCA Cycle and View the Visual Management Boards of the different cycles.

Don't try to refine your ideas too soon. You want just enough detail to move to the next step. You may even want to use independent teams with different focus points, such as one with a functional slant and another with a social slant. One that aims at self-service while another without technology. Conflict and debate are encouraged and trade-offs and compromise should be continuous in this process. Ultimately, only the customer can decide. Ron Masticelli says it very well in his book, Building a Project-Driven Enterprise;

1. *An iterative feedback process between the product design team and the customer(s) or market(s).*
2. *Use of real, tangible models, simulations, prototypes, strawmen, etc., that can evoke gut-level customer reactions, capture tacit desires, and evolve as new learning takes place.*
3. *Involvement of the CEO and executive team in reviewing the new-product business case, and fully committing the organization's resources to a successful development effort.*

View or print out the PDF of Lean Service Design Trilogy EDCA Cycle and watch the video *LSDT EDCA Cycle Applied.*

As CEO of Square, Jack Dorsey sees himself as a "Chief Editor," charged with addressing the flood of inputs and ideas that come into the company. In this capacity, Dorsey focuses on three major areas: 1) Team Dynamics, 2) Internal and External Communication, and 3) Financial Management. Dorsey also shares his belief that you can be successful if you make every detail perfect, and limit the number of details.

I hope that you take the time to design your own workbook and your own visual management boards. Making this process your own is how the work enabled. Most people take a course, read a book and download the software or the workbook and try to apply without going through the necessary steps to learn the process. I hope that you have started your experiment, your PDCA cycle in adding these thoughts to your toolbox and the way you do your work.

Your feedback is important and I would appreciate your comments and suggestions. Please contact me through my website or drop me an email at jtdager@business901.com.

Henry Chesbrough is best known as the “father of open innovation” according to Wikipedia. He authored the book *Open Innovation* back in 2003, before that term came into general use. Today, there are more than 13 million entries for “open innovation”, documenting the rapid rise of this new model of industrial innovation. Open Services Innovation: Rethinking Your Business to Grow and Compete in a New Era is his latest book, which extends the idea of open innovation into the service sector. I recommend it and have borrowed his parting words:

What to do Monday Morning.

Elevate the importance you place on services

Enhance the utility of your offering to your customers.

Search for underutilized assets in your organization

Create a platform that intertwines your product and your service. Invite others to participate.

Suggestion: Your First Service Design Project, Experiment: Do it within the confines of your organization with your own internal Customers (Practice).

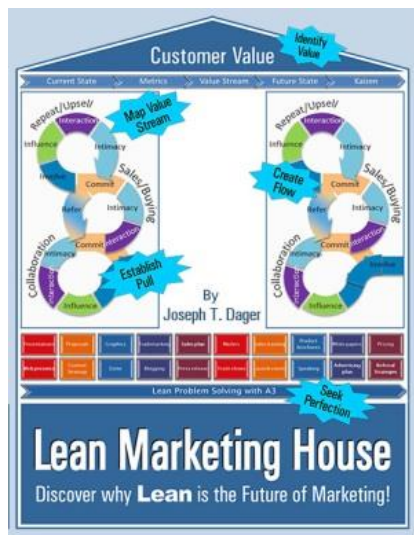
Appendix

Lean Marketing House Overview

(Excerpt from the Lean Marketing House)

The "TPS house" diagram has become one of the most recognized symbols in modern manufacturing. A house is used because it is strong only if the roof, pillars, and foundations are strong. A weak link weakens the whole system. I took the liberty of rebuilding the Toyota Lean house to what I believe is the proper structure for today's marketing.

When building a house, you follow the same steps and principles as building a Lean organization. The first step in building the structure is to create a strong foundation. Many organizations look at marketing from just a tactical sense and start the foundation first with the campaigns, websites, and advertising. However, to build a strong house you need to know what you are supporting to make a strong foundation. Understanding the value that you create for the customer is the starting point in the Lean Marketing House and will determine the rest of the structure.



Below the roof of the house lays the substructure of a five-step Lean process. Lean is a system focused on and driven by customers. Optimizing the value stream from their eyes and in an efficient manner takes your processes to a level not experienced before. Review your past sales and processes that are performing well. Determine why and what may be different about them.

It really is like starting on a journey without knowing where you are. Your metrics play such an important part. How are you going to measure success? What in the short term will allow you to survive and in the long term build a business? Measuring simply by results is just not enough in today's world. Using Lean metrics measured by drivers is at the heart of making your plan effective. Mapping the future state is where we start seeing it all come together. This is the step everyone typically wants to jump to immediately. We make plans instead of having a sound basis. We use instincts and tools that are not focused and are often based on what I call "Tribal Knowledge." Kaizen is the Japanese word for continuous improvement. It is all about idea submission, not acceptance. Kaizen has three steps. First, create a standard. Second, follow it. Third, find a better way.

We will support this substructure with the pillars or the value stream of the Lean Marketing House. Each pillar represents a product (service)/market segment. It does not matter how many pillars you have, just that each product/market segment is well defined. Seldom does even the smallest company have only one pillar or value stream.

The Lean House's foundation that the pillars stand on is the work we do each day and is what insures the customer value proposition is implemented. In accordance with Lean House philosophy, it doesn't necessarily matter which tools the organization uses, but which tools are effective with the customer or the particular value stream segment, represented by the pillars. The number and depth of blocks will differ with each organization. What is important is that they are all considered and that the foundation is strong enough to support the pillars. Below the foundation is a substructure of A3 problem solving that will be the control practice that is implemented throughout the foundation. This allows us constant feedback and will alert us the foundation starts to weaken.

When we first hear the terms Lean and value stream, most of us think about manufacturing processes and waste. Putting the word marketing behind both of them is hardly creative or effective. Whether marketing meets Lean under this name or another, it will be very close to the Lean methodologies developed in software primarily under the Agile connotation.

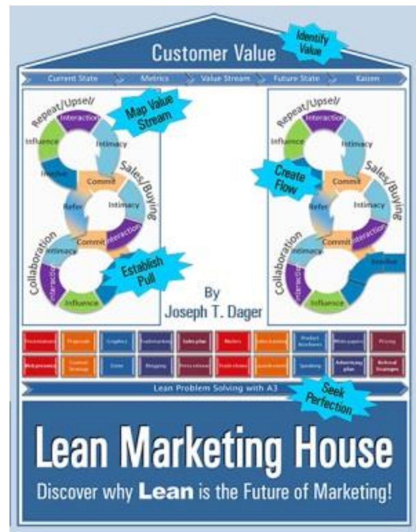
This book is about bridging that gap. It may not bring all the pieces into place, but it is a starting point for creating true iterative marketing cycles based not only on Lean principles but, more importantly, on customer value. It scares many. It is not about being in a cozy facility or going to Gemba on the factory floor. It is about starting with your customer, not ending there. It is about creating sales teams that are made up of different departments, not other sales people. It is about using PDCA (Plan-Do-Check-Act) throughout the marketing cycle with constant feedback from customers that can only occur if they are part of the process. It is about creating value in your marketing, which a customer needs to enable him to make a better decision. It is about managing a value stream marketing process.

We use the Lean Marketing House as a way of introducing Lean. In Lean Thinking: Banish Waste and Create Wealth in Your Corporation, Revised and Updated by Womack and Jones, the authors introduced five core concepts:

1. Specify value from the standpoint of the end customer by product family.
2. Identify all the steps in the value stream for each product family, eliminating whenever possible those steps that do not create value.
3. Make the value-creating steps occur in tight sequence so the product will flow smoothly toward the customer.
4. As flow is introduced, let customers pull value from the next upstream activity.

5. As value is specified, value streams are identified, wasted steps are removed, and flow and pull are introduced, begin the process again and continue it until a state of perfection is reached in which perfect value is created with no waste.

These five values are represented in the Lean Marketing House as



1. Identify Value (Roof)
2. Map Value Stream (Ceiling)
3. Create Flow (Value Stream/Pillars **or Marketing with PDCA)**
4. Establish Pull (Foundation)
5. Seek Perfection (Base)

It's a different concept that I believe is imperative to the future of marketing. Think of the touch points you have with a customer. Is each one creating value? When your customer moves from one stage to the next, is the move value-driven? In the truest form of the meaning, a Lean Marketing company should only have two components: an introduction to a new lead and the acceptance of an order. All other components would be considered wasteful and are candidates for elimination. If you consider each item that you deliver to a customer something of value that he is paying for, in essence he accepts an order each and every time. Do you create valuable enough content that your customer would pay for it?

Marketing has to address value and the content they are distributing. As important, they have to address the time or the stream of their marketing system. The acceleration or throughput is extremely important. Creating systems within our process that are efficient and propel customers through the value stream is imperative. Our days of leaving non-responsive customers on our mailing list, online or offline, are ending. Creating advertising to the masses and expecting a reasonable return have already ended for small and even medium size businesses. These statements are not meant to say that we only market to someone for 90 or 120 days and that's it. It is more a belief that we have to create interactive platforms that allow our customers to interact at their leisure, their timing, and their discretion. A good description of pull marketing, but how do you manage it as a value stream?

You must understand your value stream well enough to have a throttle. You must know where your constraint is, maybe even on a seasonal basis. You must address indicators that are built into your process and not built into month-end reports. Do you have a monitoring system that lets you know? Do you adjust your marketing message accordingly? Are you improving your stream with better information to qualify yourself to the customer? If you are providing higher value information to the customer, does that propel you through their decision making process?

Most people think about the marketing process as a function of lead generation and follow-up. They envision the marketing funnel which creates an excellent visual image of collecting prospects and narrowing the field until you produce a customer at the bottom. This image is often a fair reflection of your marketing budget. You spend most of your money reaching out to the masses. It is an expensive proposition and seldom produces measurable results. However, you can’t just cap the funnel because you never know where you will receive your next lead or sale.

The job of marketing is to increase prospects, create better odds in obtaining a customer, increase the number of customers and the dollars per customer. I believe marketing is also responsible for decreasing the dollars in obtaining a customer. I think these five parts can be best served through Lean and, more specifically, by using a value stream approach.

This is going to require re-thinking about the way you do business and the way you think about your markets. More importantly, the way you think about value. Value in terms of how your market defines it. Stop thinking about product or even product benefits. Your marketing systems must support the delivery of value to your customer at a much higher rate than your competitors. Targeting that value proposition through the methods described in this book will increase your ability to deliver more quickly and accurately than your competitor. It is a moving target and the principles of Lean and PDCA facilitate the journey to customer value.

Marketing with Lean Series

1. Lean Marketing House Overview
2. Marketing with PDCA
3. Marketing with A3
4. Lean Engagement Team
5. CAP-Do

Lean Marketing House Overview: When you first hear the terms Lean and value stream, most of you think about manufacturing processes and waste. Putting the word marketing behind both of them is hardly creative or effective. Whether marketing meets Lean under this name or another, it will be very close to the Lean methodologies developed in software primarily under the agile connotation. This book is about bridging that gap. It may not bring all the pieces into place, but it is a starting point for creating true iterative marketing cycles based on not only Lean principles but more importantly on customer value. It scares many. It is not about being in a cozy facility or going to Gemba on the factory floor. It is about starting with collaboration with your customer and not ending there. It is about creating sales teams that are made up of different departments, not other sales people.

Marketing with PDCA: Value stream marketing is about using PDCA (Plan-Do-Check-Act) throughout the marketing cycle with constant feedback from customers, which can only occur if they are part of the process. It is about creating value in your marketing that a customer needs to enable him to make a better decision.

This book is about managing a value stream. Targeting that value proposition through the methods described in this book will increase your ability to deliver quicker and more accurately than your competitor. It is a moving target and the principles of Lean and PDCA facilitate the journey to customer value.

This book also introduces the Kanban as a planning tool or, as I like to think of it, as an execution tool. Improving your marketing process does not have to constitute wholesale changes nor increased spending. Getting more customers into your Marketing Kanban may not solve anything at all. Improving what you do and increasing the speed that you do it can result in an increase in sales and a decrease in expenses.

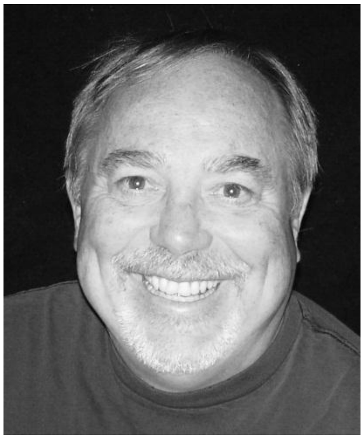
Marketing with A3: Using A3 in the marketing process will provide you a standard method of developing and creating your marketing programs. It will recap the thoughts, efforts, and actions that took place for a particular campaign, such as advertising or public relations or even a launch. This report can really highlight the value that marketing supplies.

This book will also discuss how an A3 applies to the foundation of the Lean Marketing House™. The tools are explained and examples given. The important part is that you will learn how to format your A3 report in a way that most effectively communicates your story to your team and others.

CAP-Do: What makes CAP-Do so attractive is that it assumes we do not have the answers. Instead, we address multiple outcomes that may occur and stop trying to lead customers down a path or journey. We use a disciplined process of thinking together and adapting our actions accordingly. It allows us to create a systematic way to address the problems (pain) or opportunities (gain) from the use of our products and services. It is outcome-based thinking.

About the Author

Joe Dager takes his process thinking of over thirty years in marketing within



a wide variety of industries and applies it through Lean Marketing Concepts. He has owned and operated companies involved in retail, manufacturing and professional services that include several turnarounds and growth companies. Joe is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena.

"Joe Dager is a leading author on Lean Six Sigma and Marketing and frequent contributor to the Lean Six Sigma Group community. Joe Dager is an experienced transformational executive and Lean Six Sigma Black Belt with deep expertise in implementing value stream marketing systems that assist his clients in achieving rapid results in reaching their targeted customer markets. Joe is polished in the various online networking tools that enrich messaging in areas like podcasts, blogs, audio and video media, event marketing, and qualifying leads into prospects for rapid business development of opportunities. If you are in need of a professional lean six sigma consultant in sales and marketing processes, I recommend networking with Joe Dager, I am confident you will find his approach simple and results-focused." *February 8, 2011*

"In the past 20 years, Joe and I have collaborated on many difficult issues. Joe's ability to combine his expertise with "out of the box" thinking is unsurpassed. He has always delivered quickly, cost effectively and with ingenuity. A brilliant mind that is always a pleasure to work with." *May 21,*

Marketing with Lean Book Series

Lean Marketing House

Marketing with PDCA

Marketing with A3

Lean Engagement Team

CAP-Do

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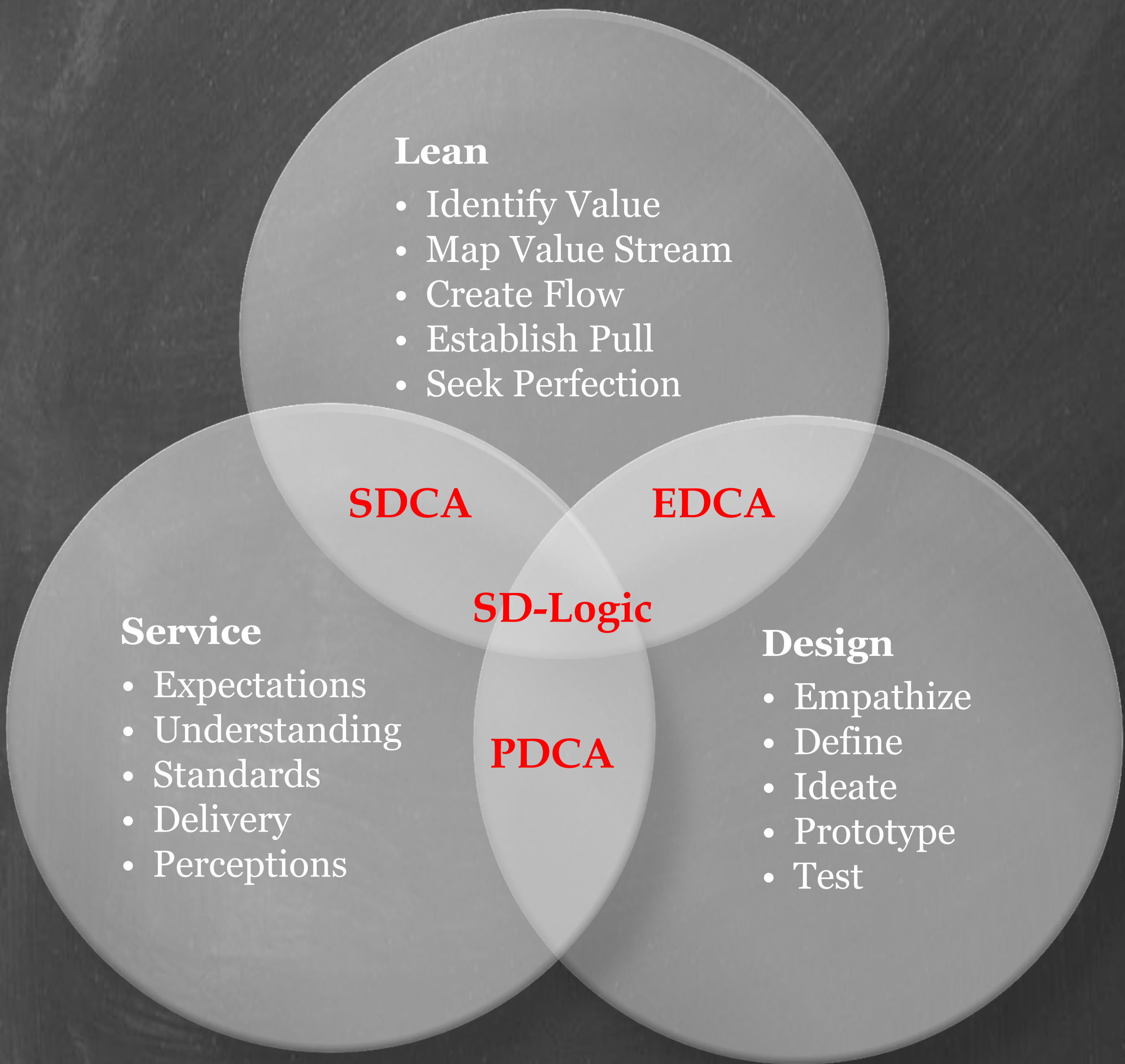

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