Markus Andrezak on Kanban

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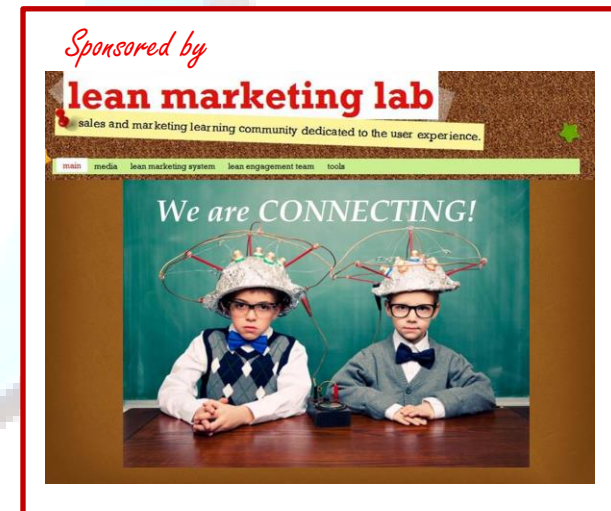## *Implementing Lean Marketing Systems*

Transcription of Podcast

Joseph Dager: Welcome everyone; this is Joe Dager the host of the Business901 Podcast. With me today is Markus Andrezak who is the founder and general manager of Ueber Products. He has been active in different contexts as a Product and Development Manager for high traffic and high revenue web sites. During the last years his main focus has been transitions towards Lean and Kanban product management and development practices across his portfolio. He co-authored 'Replenishment', an eBook on Kanban and will be speaking at the upcoming Lean Kanban Central European Conference in Hamburg November 4 and 5th.

Markus, I would like to welcome you and can you clean up my introduction, make sure I pronounced everything correctly and give me a short elevator pitch about yourself.

Markus Andrezak: Okay thanks Joe. Actually there's not much to clean up but first of all really thanks for the introduction and the invitation to this really great forum that you're

giving. So the elevator pitch, what is it. As you said, I've been around the internet and online products since the late 90s. In that time, I've seen things work and seen things not work that well. I had two observations - first of all doing things right, which you can learn and the other thing is doing the right things where I think I saw really the whole customer centricity thing as the key to it. Nowadays we have really great tools and we have solutions on how to learn that as well, not by recipe but by principle. Actually, we have been focusing in the last years on mixing up Lean with Design Thinking or Design Studio to have a combination of doing the right things in the right way. I learned this the hard way in the last years. This is what I specialized with a partner of mine and we founded the company this spring and here we are fresh, and we're happy to have one of the first bigger talks we've had in the Lean Kanban Central Europe in Hamburg in November, as you said.

Joe: At the upcoming conference you are going to discuss the "Boundaries of Kanban", which is really a surprising topic because most people always want to expand the boundaries of everything they talk about. So what are you talking about, what are the boundaries?

Markus: Well actually I'm just going for the fame, no provocation, no but really this event was a small struggle with my team that was working on the redesign of a website. What happened was that the team was working perfectly well in Kanban but they always had a conflict with the designers coming up with the new design for the new website. What I saw was a tremendous conflict between the production oriented mode of the development team, we want to make better Lean time, we want to gain efficiency, and all that with conflicting targets that the designers had that needed some depth. They needed to understand all the constraints of the website, all the constraints of the users, and they never knew if the next phase they're going in is diverging or converging so what I saw was a conflict of the completely non-linear process with the designers conflicting with the developers which are going for a very linear approach. Why I'm telling you this is because this has really led to scenes basically where people were really arguing in front of the Kanban board and this really made it very transparent to me that the whole problem that we have at least two worlds we have to combine in what we're doing as companies and systems.

Joe: And what are those two worlds?

Markus: How designers grow up is really digging into the problems and finding out what the real problems are, and they're working in a highly multi-dimensional space of things, as an ex-developer don't understand fully all of the time. If you look at the work it's really coming up with lots of small, very small prototypes all of the time going into very, very different areas but what they're trying to find first is not the solution, but trying to find the right problem to solve. Whereas the development world is always trying to find the right solution for the problem that is already found, so this is kind of a bi-section in the worlds.

Joe: So can I just make to swim lanes, does it work that way?

Markus: Oh no, because then you would be in parallel rather than sequential. There will be a time when the results of the design team will have to go to the developers and then you change face because then the design team has to be part of the development team.

Again for the small changes, you could say micro-interactions in the UI or UX stuff. Really I think two parts of the world that we're facing, which are not reflected in Kanban. For example let's have two swim lanes as I said the work of the designers is really non-linear. What you see on a Kanban board is really a completely linear process. You always know what the next step will be but in design work you never know will I go back to an empathy phase, will I go back to interviewing people, will I go forward to ideation because I have my person already set up. So you never know if I go backwards or forwards in design work, so that's really annoying to developers in a way. So swim lanes don't help!

Joe: I've struggled when I've applied Kanban to sales and marketing because it is similar thinking, it is very non-linear. The way I view it is that it's not this linear progression as much as it's kind of like an iterative circle within a certain column. That group could be always there until they come out somewhere. They could either go backwards or forward. Is that similar type thinking to what you have done or do you have a better way?

Markus: I think it's very interesting what you said because I had this discussion last week

with the great guys of TLC lab in New York, Jabe and Simon Marcus. They came up with a similar idea because they tried to use Kanban in the way that you described it. What I said to them is that you can put that work on the Kanban board and put a container around it and just ignore that it's on the Kanban board. What will still happen is that people will look at the container that's protecting this design work from the production constraints so to speak and somehow feel like it has been a stranger on the board. Now you could have a very great company culture and everybody will tolerate that stuff on the Kanban board. On the other hand, if it's on the Kanban board the Kanban system should be helpful of this work otherwise you would not put it on the Kanban board. Again this process is completely non-linear. My question would be of what help word Kanban be for the designers and I think of no help. If you look at what's going on in the gaming industry, how they're coming up with new ideas for the games is in very small prototyping teams which are not working in any method. Maybe Design Thinking or maybe Design Studios, but they're not working on any development-like or production-like methodologies. Rather what they do is something which Toyota might call set base design, so highly parallel work in very small teams to come up with lots of new ideas for a similar problem. I think this is good, but you

can't organize it on a Kanban, at least not that it would help so you could do Kanban but I think it would be of no help for anybody.

Joe: I look at it as the Kanban is such a visual tool. It also is a way to limit work and process that you can actually see the amount of work and be able to govern the fact that it is loading up. You identify the bottleneck and I either have to create more resources for it or I have to create ways to exit the work in process in some manner. I know that may sound silly, but it's where I've struggled with a Kanban board. You can use it in sales and marketing, if we have all our events laid out but when we view the actual sales process, it's not about pushing people through but managing that portion or segment of it and having an exit, forward or back strategy to it.

Markus: What you say, I think, you're actually making a very good point there and I think that what you're doing is exercising real, true Lean thinking. You apply Lean thinking to the more creative and more non-linear types of work, but this is actually what Kanban is actually not doing. Kanban has very strict practices and rules; what should be on a Kanban

board and what should not so I say what you're saying is that we should do design in a very Lean way, but I think Kanban applied to design would not be Lean. I'm actually with you that you could visualize that work in a way without putting any constraints by the methodology on it, and that would work perfectly well. This is what teams are actually doing, they kind of visualize the work and think about when should we use set base design and where shouldn't we do it. That's a great way to do it but in the traditional Kanban community it wouldn't be called Kanban, so I think that is some kind of the crazy methodology war going on.

Joe: One of the problems that I have is that I think of Kanban as being part of Agile and isn't Agile, Lean all iterative and is Kanban the exception?

Markus: I think Kanban is posing itself as a very strict thing in a way, and they're actually fighting against being called Agile. They don't speak too much or think too much about Agile and think Agile is burnt in a way, so I think if you make yourself free from all these connotations of Kanban, the very strict ones, you could call what you're doing Kanban. On

the other hand, what I did before, I was one of the guys coming up with portfolio Kanban so what we did was actually having all the portfolio we had in the company on one huge portfolio Kanban board where actually each project and product was a card on the Kanban board. It worked in a way that we had a real great overview of what's going on in the company. We reduced cycle time and we increased optional thinking by the product guys but also what happened because of this optionality that happened is that all the projects got smaller and smaller and smaller, which is a good thing for the traditional work that you're doing, for the product maintenance work for example. If you're going for real deep innovation, coming up with new problems to solve, coming up with deep knowledge on the customer again you don't go for the small solutions, this is also Agile breaking - you can't come up, for example, with the IPhone in small iterations; you have to have a big bang for the disruptive stuff for example. This is where I think we need to accept the purpose of depth of thinking and depth of empathy to actually get into the position of being able to disrupt anything. So it's not analytical small maintenance stuff because as you know the small maintenance stuff, feature by feature innovation, can be copied very well, and this is where you lose disruption.

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Joe: So when you're talking about Kanban here are you saying in the disruptive world of innovation we should steer away from it, we should go to other types of management?

Markus: Yes, I think so, if you look at all the innovation work that has been done, the literature, for example, look into the very simple models of Roger L. Martin, where he comes up with the knowledge funnel or if you look at what Clayton Christensen is saying with *The Innovator's Dilemma.* That's all coming because companies in the beginning are very open and empathetic for the market and at a certain time they close up and get some inward focus. I think the right word is operational excellence. They focus on operational excellence and then the absurd thing is that most companies are then getting and going for Agile because they are looking for the improvements in the efficiency rather than in effectiveness. They lose contact with the client and the customer because they're so inward facing. In this phase, they're losing their innovation capabilities, and this is normally where we come in as a company and tell them you got to open up again. It's great that you're running your operational excellence initiatives, and they need to be there, and they're

totally valid, and you need them but you need the other phase of your company as well, which is opening up again to the outside and is thinking about the needs of the client in 3 to 5 years' time rather than today and rather than in small batches you need to have some big bets out there to be competitive again.

Joe: I always looked at Kanban as being driven from the bottom to the top and through direct use and then it grows. But you've operated it on a portfolio basis can it be driven from the top down?

Markus: Actually we didn't drive it from the top down; it was the development that happened. The real story is that it was in David Anderson's first Kanban training in Europe. The Monday after that I went to the company to a small team with three guys, and it was even divided between Germany and the Ukraine, I said we need to do that stuff, I see so many potential in it. We just went ahead, and we gained a cycle time decrease from 58 to 21 days in the first two months or something, so the numbers had been incredible in the first weeks and months of applying it to that. Then this famous viral effect started where

other teams came along and said you know you must be doing something really well with that Kanban stuff, could you show it to us so actually the whole technology department then went for Kanban after a time without anybody being forced into it. It was just me talking more or less and the other teams then talking so it was just a very viral process. I had other problems as well like how could I coordinate all the stuff coming in from all the stakeholders and make clear to them that we only have so much capacity for work. How could I get this discussion going? This is when I was talking about the portfolio view and asking if it can be driven top down. I think actually if it's not driven top down and not accepted from the bottom, you will be lost. What I'm seeing today in companies is that you have very motivated middle management trying to adopt Kanban and Agile methodologies but top management often doesn't get it and they actually have real problems with all the transparency going on with either Kanban or Agile methodologies. This is a real show-stopper then, so I think you at least need acceptance from the top.

Joe: You started out in the Agile, went through Scrum and now Kanban, I mean you've made the whole progression

Markus: Yes

Joe: Is Kanban just the flavor of the month or the year or is it something that you have really seen develop as a better way of doing something. I know that's a loaded question because you're a Kanban guy - but what really grabbed you about it?

Markus: Actually what grabbed me about it, well first of all today if I'm talking about development, I can't think any different than in Kanban. This is really a kind of development thinking dialect that I'm capable of and that I can't get rid of anymore. I think Kanban is here to stay for a long, long time and what we will see is Kanban loaded up with lots of I think cultural enhancements more or less. I think we're just trying or starting to understand why Kanban is working. If you look at a very simple system like Scrum compared to it, you have very rigid roles and ceremonies in it, which are really sometimes rather enhancing and deepening the conflicts you have in a company rather than really helping so the whole concept of "start where you are", which is ingrained in Kanban, is I

think a huge opportunity of Kanban. I think if you leave out all the marketing and all the politics in all these flavors, I think Kanban is the most abstract and thus most open of all the methodologies of all these things.

Joe: You've mentioned a couple of times customer centricity and customer centered in this conversation, does Kanban help in this area?

Markus: That's actually interesting, I think that Kanban or Scrum or whatever is completely orthogonal to these issues. I think you can do Kanban or Scrum or XP in the right way and you can do all of these things completely the wrong way. I think it's with most methodologies, it would be up to all standards, up to all quality, it went through the right process but it just makes no sense and delivers no value so no methodology can guarantee you that you're doing the right thing. This is the other side of the matter that I want to try to get better in trying to find out what are the right things to build with these great methodologies; so again, I think we need both sides.

Joe: Well you are a new company, you're doing Design, some techniques in Design Studio and Design Thinking and what you call radical customer focus. Can you move away from Kanban and explain those to me and what you mean by radical customer focus?

Markus: I had some real breakthrough moments in my life and the last one has been when I jumped into a company which has been doing basically the same thing for 5 or 7 years so I came in as the product boss there and what they expected me to have was the right idea and I said you know you're company is on a flat line since 5 or 7 years and 15 to 20 people have been working on the right ideas for years so who do you think I am that I could have such a genius insight and I looked into some data and I didn't find any error that they made what I made afterwards when I went drinking with some of the clients and after the third or fourth beer they said you know I'm never going to use your platform because this and that and that and that and this is kind of what nobody else has been doing before in this company, actually taking care of the customer and finding out what in hell is it that prevents him from using the site. I really deepened my understanding of how to get in contact with clients and the techniques which are then design techniques

obviously not getting the answers from the clients but trying to get the needs that they have and this is really what I think you need to do and whenever I've done it in my life, this is when the products really were flying.

Joe: I think that's so true is that we've moved past the stage of what I would say is being able to define a product, this is what someone needs to a stage where we really need to understand and we don't need to be the teacher anymore, we need to be the learner.

Markus: Right, completely and this is again where I'm saying, coming back to Kanban just for a second, we need to accept that there are guys on this planet which need to have these deep conversations with people which you can't plan in a way. You can't say I understood the problem now, sometimes you need to go back and back and back again forward again and back again to have the depth of understanding of doing the right thing afterwards. This is really quite counter-intuitive but if you look at all the huge companies and what they're doing it's just the same, for example Toyota, they have completely different process and a very light process for coming up with the right cars, rather than

building them.

Joe: Does Lean lend itself to be able to gain that knowledge or is Lean just Kanban's internal thing?

Markus: Just take a principle like "try to get rid of the waste" you can use that in the production processes but you can't use it in knowledge work because upfront you don't know where the waste is and in hindsight analysis you don't know either because the next project is totally different again because you're trying to find a new problem, a totally different problem, so the knowledge you had from the problem before won't help you in the next one except some things we know like set base design for example like how can you increase the speed of innovation and ideation, that's something we know, but the rest of it is really very abstract stuff.

Joe: Now you also one of the legs of your companies is actually building and selling prototypes, can you tell me a little about that prototype work?

Markus: We had the idea actually when I was preparing a talk on this matter and I wanted to come up with a punch line. The punch line would be like "you can't plan innovation" but I'm actually doing it and I'm giving out a bet that I can produce a valuable prototype for 100,000 bucks every month. So actually I was so caught up by the irony of the idea. I thought that, with everything we've learned with design thinking, I think I could actually do it, and this was the time when we were thinking about founding the company. I went to Chris and said what about this crazy idea, we just producing prototypes for 100,000 bucks a month, we could pay like 5 or 6 people per project for a month for each prototype so it would really scale. It would be fun and well obviously we didn't have the market in mind with that because very obviously with a new company by two guys, who would trust us to invest the first 100,000 bucks in a prototype, quite interesting. We applied the Lean principles and the "get to know your market principles" to and with the very idea and thought about how we could break down the batch size of the trust that people have to bring to our company so that we can sell what we know in smaller batches of the company, so that was the basically the idea in the beginning.

Joe: I think that's interesting; I do, I like that. So what you're saying is to go out and prototype for someone was the essence of your work, your work flow or how you build your workflow is gee, let's prototype this, prototype that and out of it hopefully create a customer.

Markus: Yes and I think with tools of design thinking you just don't build a prototype for this and that, what you would sell would include this kind of coming up with the right problem for the company which it has overlooked for the last years because, this is not a real secret, the outsider always has a very reduced and simplistic view on it, but this is revealing for most of the companies because they are so far away from the markets because of the tunnel they're in their everyday work so this is the chance we have as an outsider to see clearly again.

Joe: Tell me a little bit more about what you're talk at the conference is going to include and maybe who should attend your presentation.

Markus: I think the talk will be interesting for all developers, product managers, CEO's and so on, everybody who really wants to get a new understanding of how can we reach the market. I will start with the Nokia story that I've been writing about some weeks ago, actually what has happened to Nokia, they have been the love child of everyone years ago. This famous reinvention of themselves from the paper mill to rubber boots production to mobile phones and all of a sudden they lost track in a way and just one device the IPhone had to come along and disrupt them. They're done and sold to Microsoft for $6 Billion or whatever it was. It's really a tragic story. They fell into the trap of forgetting about the deep innovation they had been coming up with before because they wanted to saturate the market with just one idea more and more and more and mobile phones which from today's perspective all looks the same. The revolution they built in was an MP3 player after some others did it. So they've really been trapped by *The Innovator's Dilemma* and the Knowledge Tunnel thing that I've been talking about by Roger Martin. What I will say in the talks basically is that you need both, you need production type things and the production type models and methodologies. You need the very deep customer centered design type

things in your company as well. Then you will have this divide between those both cultures in a company. I think the only way that you can conquer that in a company is basically that you say we make it explicit we need those guys and we need those guys and we need to protect the design guys from the production guys and the other way around because the production guys will drown in the constraints of the design guys and the design guys will drown in the environment of the production guys. It will only work out if you make it explicit and create a culture of we need both of them, they're both valuable and you still need lots of communication going on between them except the constraints. The constraints shouldn't travel between the teams but just the communications on what are we up to. I think now we can come up with how can we make that visible without putting Kanban constraints or other constraints on it because again in the innovation work sometimes you need to focus in the converging phases and sometimes you need to go into radical diverging phases. That would more or less be the content of the talk.

Joe: What is upcoming for you outside the conference?

Markus: Outside the conference we are doing interesting stuff here because I've been talking a lot about design things so we're working a lot with the D School, which you might know from Stanford, but the little sister of the D School in Stanford is here and we're doing lots of things with them, trying to come up with our own products basically build on our own principles so we try to eat our own dog food there and try to come up with something relevant and of course the main problem will be that we're bootstrapping our company so we don't want early, big investments from anybody to not lose track so we're really concentrated on staying small for the beginning and yea, going for the right things, which actually in the beginning now meant saying no to some customers already because we need that slack right somehow to not be too much diverged from what we actually want to do. Apart from that, I'm working on some articles and maybe another talk for the Lean UX Conference in New York next year and things like that.

Joe: What's the best way for someone to contact you and learn more?

Markus: Oh, I think you could have a look on the website www.ueberproduct.de and

there's a contact form and of course we both meet on Twitter a lot so Twitter is another way to really get a hold of me very quickly I think.

Joe: I would like to thank you very much Markus, I appreciated it, you will be of course at the Lean Kanban Conference in Hamburg and also at Ueber Products is UEBERproduct.de. I'm excited to see what you come up with in the future and some of the products and follow you along so thanks again.
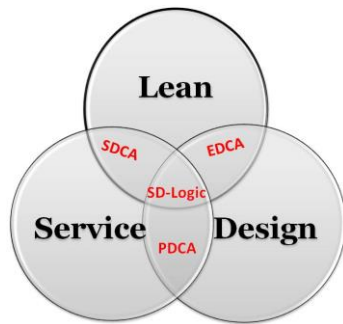
Markus: Thanks Joseph, really appreciate it, thanks.

Joe: This podcast will be available in the Business901 ITunes store and the Business 901 blog site, so thanks everyone.

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Implementing Lean Marketing Systems

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Joe Dager is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena. He takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing and Lean Service Design.

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