

## Change is Best when it Evolves

Guest was David Anderson

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Podcast Transcription

## Implementing Lean Marketing Systems



David J. Anderson is a thought leader in managing effective technology development. He leads a consulting, training and publishing business dedicated to developing, promoting and implementing sustainable evolutionary approaches for management of knowledge workers.

He has 30 years experience in the high technology industry. He has led software teams delivering superior productivity and quality using innovative, agile methods at large companies such as Sprint, Motorola, and Microsoft.

David is the author of three books,

1. *Agile Management for Software Engineering – Applying the Theory of Constraints for Business Results*
2. *Kanban – Successful Evolutionary Change for your Technology Business*
3. *Lessons in Agile Management: On the Road to Kanban.*

David is CEO of [Lean-Kanban University](#), a business dedicated to assuring quality of training in Lean and Kanban throughout the world.

David may be best known for his book, [Kanban: Successful Evolutionary Change for Your Technology Business](#).

## Transcription of Podcast

**Joe Dager:** Welcome everyone. This is Joe Dager, the host of the Business901 podcast. With me today is David Anderson. David is a thought leader in managing effective technology development. He leads a consulting, training and publishing business, dedicated to developing, promoting, and implementing sustainable evolutionary approaches for management of knowledge workers. He is the author of several books, and maybe best known for his book, Kanban, which has launched an industry in itself.

This has led him into examining the sources of organizational resistance, and how to effectively management business change. As he puts it, making sure projects just don't finish, but they succeed. David, I'd like to welcome you, and to start off by asking you, how your Kanban work found its way into change management, or was that always a part of it?

**David Anderson:** Hi Joe, Thank you for that wonderful introduction. I really appreciate you inviting me back on here. It's nice to be back on the Business901 podcast. The whole Kanban thing really came about from the challenge of people resisting change. I was looking for ways of pinpointing root causes of problems. I found that introducing a full system where we're limiting the work in progress, was a way of addressing quite commonly occurring problems. Problems with committing on something too early, making commitments where there was a great deal of uncertainty, a lot of changing priorities, perhaps.

So under conditions of uncertainty, people were committing too early, and a Kanban system was a way of deferring commitment until much later, Lean people might say, "the last responsible moment." And also controlling a lot of the variability in the flow of work through the limiting of work in progress, the understanding of different types of work and different classes of service and

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setting capacity allocations for those, controlling interruptions and disruption.

So, eliminating the uncertainty and delaying commitment until later, the net result is much more predictable delivery. And those problems were commonly occurring, so implementing a Kanban system was like a point solution for incremental improvement. And then, from that, we discovered that Kanban systems catalyze further changes. They provoke conversations about other problems, and we get this evolutionary change emerging.

Perhaps, Kanban was about not managing change but trying to avoid biting off too much change. And, in general, I've felt that there's been a problem with organizations, executives, particularly, the corporate magpies, they get excited about shiny objects, like new process solutions that promise a nirvana of projects, correctly prioritized and delivered on time, within a very reasonable budget and perhaps ever-shrinking budgets.

They go after these exciting-sounding results, often trying to achieve too much too soon, and their organization just doesn't have a capability to absorb and manage all the change that they desire. They really want the outcome, but the getting there is beyond their capability.

Perhaps the typical response to that is to go hire some consulting firm that promises...they'll often guarantee the outcome. Of course, what they're hoping for is that they'll get away with it without being sued, because the outcome, of course, isn't guaranteed, and it often doesn't pan out exactly the way they promised in the first place.

So, rather than go through the motions of applying change, failing, and creating a cynical workforce, I'm much more interested in finding ways to make change in IT organizations successful.

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I've realized that I want to focus my own business a lot more on "How can we help you manage change?" rather than "How can we deliver you a new process solution?" I often feel that the existing process probably isn't that broken, and understanding how to tweak around with it and introduce change in a sustainable way is much more likely to deliver success. It will have a higher success rate, higher chance of a successful return, rather than pursue the shiny object and see it crash and burn.

**Joe:** You're saying that for change management that, really, it's not like we just throw everything away. It's that we're keeping some of it and making an evolutionary change rather than an edict that this is what we're going to do now.

**David:** Very much. Certainly, my own approach is to say, "Let's start with what you do now, and let's assume that it's not all broken and that there're a lot of babies in there with some bathwater, and we don't want to throw everything away. We don't want too big of an impact." I'll often talk about the J curve during a change initiative, where capabilities are impaired for some period of time. Performance goes down while you start to implement the change with the hope of creating greater capability and improved performance longer term.

If the bottom of that J is too deep or coming out of it takes too long, the senior executives simply run out of patience, and that's when change initiatives get canceled. And often the change agent gets fired or benched within the organization, moved sideways, given a quiet desk in the corner. They keep their title and their pay grade, but they're not given any real, meaningful work for the next nine months to one year.

I'm looking to avoid those things. But at the same time, I recognize that my own experience with change management on a larger scale is limited, that I haven't had the opportunity in my career to be the CIO of a major IT department or the IT

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department of a major company, and my focus has mostly been on software product development and software maintenance and related services, not the wider IT organization.

I also recognize that the promise of evolutionary change, while we have plenty of case studies now from many parts of the world emerge at the conferences that we run, it's often just a step too far for a lot of senior managers, that we're asking them to make a leap of faith, and they're not ready for it yet. So using less-scary language, "change management," that's something we feel they understand. They may well appreciate that their organization's not good at it.

I feel that's the area that needs addressing. So the focus is on asking people to consider developing a change-management capability in the same way that you would develop a testing capability or a database-administration capability or a user-interface-design capability. Only once you have a strong change-management capability would you undertake very large-scale change initiatives that you should scale the size of the change you're willing to take on with your current capability.

For sure, if we said that, about anything else, testing, user-interface design, database administration, enterprise architecture, it seems so obvious. You wouldn't try to do really large-scale enterprise architecture if you had no skill in it. But it is remarkable how many organizations take on very large-scale change initiatives despite no track record of having done it in the past and no demonstrable skills in managing change.

With that in mind, I've partnered with a really very well-known former CIO, Bob Lewis, of IT Catalysts in Minneapolis. Bob's been well known for his "IT Survivor" book and his columns in various magazines over what must amount to a couple of decades. I believe that he's written seven or eight books now.

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A very recent one is called "Bare Bones Change Management," where he lays out his framework for managing change in IT organizations, based on his experience of being a CIO and having to lead these kinds of initiatives and having to build up a change-management capability in order to be successful.

I think the combination of my evolutionary approach with Bob's structured framework and his CIO-level experience is really a strong combination, and together we've created a package that will enable us to teach organizations to create effective change-management capabilities.

Then they can go ahead and pick whatever methods and techniques they want to adopt, and hopefully install those methods, techniques, and practices successfully rather than getting into the bottom of a J curve and panicking.

**Joe:** When you talk about business change management, can it be a project-plan-type environment? Can you do it that way?

**David:** I think lots of people try to do it that way that they think, OK, we know the target, in the same way that we know the requirements for our IT project. So we know the organizational design that we want as an outcome, or we know the process we want to be following as an outcome. Perhaps we even have a good way of testing whether we've gotten there or not, some way of recognizing the practices being performed, the artifacts being created, some mechanism for appraising whether we've reached the goal. And we're either taking that target from some textbook or we've employed some consultants to come in and design a re-org, an organizational change, a new process. They could be using all sorts of methods for that. It could be Six Sigma. It could be Lean. It could be Theory of Constraints. There may be several others. They may have some customized, hybrid method that their consulting firm has branded and sells directly.

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What it amounts to is someone comes in and designs the target process that should be adopted and the target organizational structure. Then someone creates a project plan for it, just like they would with a set of requirements for an IT system, and they figure out which people will need to do which tasks and in what order and perhaps what training may need to be delivered and so on, and they go ahead and they execute against that plan.

Unfortunately, to quote a phrase from the military, the plan never survives an engagement with the enemy. And the enemy in this case is people resist, and that resistance is often deeply emotional because the change is perceived as being an attack on their self, their person, their self-image, their identity, or the identity of the group they're a member of, or it affects their social standing.

As Bob would say if he were here on this interview, they'll look at the proposed change, and they'll say, "There's nothing in it for me." In fact, it may be deeper than that. They might look at the proposed change and say, "Not only is nothing in it for me; the only thing in it for me is significant career and personal risk.

The best that can really happen from this change is that I survive it. And the worst that could happen is that I end up with lower social status; lower self-esteem, lower respect from my peers, perhaps even a demotion, certainly a job-title change, and perhaps left being asked to pursue practices and skills that at the moment. I don't have competence or expertise in.

Many individuals look at these proposed planned life skill changes. They think, "There's nothing positive in this for me, and there is really only a downside." As soon as they start thinking that way, they resist. The plan that was made with all the best of intentions does not survive that. That's where these change initiatives get into trouble.



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Where there's really a harmony and synthesis between the work that Bob and I have been doing, is this belief that the change needs to be accepted at the individual level. Individuals need to be motivated appropriately. The change that's proposed needs to have a positive outcome for them and they need to believe that in advance. If you can't design the changes that way, then you run into trouble.

When Bob's talking about change should be to be pooled. He's really saying that individuals need to want changes to happen. They need to recognize those changes as something that's positive for them individually, as well as their organization as a whole. When change is designed by someone outside and then implemented on the individuals. They will push stuff on them. They are likely to resist that.

So, change that's pulled is self-motivated, if that's the term we're looking for. So you'll recognize that a lot of this is coming back to techniques that are buried inside the Kanban method that a lot of it is about getting people to recognize where change needs to happen and to feel the correct motivation for it and to be suggesting many of the changes themselves.

**Joe:** So a lot of it is the visual aspect of the Kanban, is it becomes readily apparent where changes need to happen.

**David:** Visualizing invisible work and the challenges of how different competing pieces of work interact, that's a very important part of motivation. Visualization is a way of helping people to feel the problem and to motivate them appropriately. For many organizations, the idea that you Kanban everything and evolution will magically happen; that's too big of a leap. There is a requirement to build a formal change-management capability, and for there still to be some design to the change and some plans to be followed, but that design to be much more sympathetic to the fact that there're human beings involved, and

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they have egos and they have identities and self-image and they're part of social groups and those social groups have images.

Therefore, many of the mistakes that are made implementing change initiatives are actually anticipatable and avoidable.

**Joe:** Let me ask you about your upcoming workshops on business change. You have one in Washington, DC, and also another one; I believe, in...

**David:** In Los Angeles.

**Joe:** Mention the dates of them, if you would. But who's it geared for? Who are you looking that would get the most out of it?

**David:** I think in larger organizations. We recognize that change is mostly led from the middle. It may have been requested from above, but it's generally led by a middle manager with a VP or director-level title. The target for the class is primarily that audience, although, in small companies, it may well be more senior people. A company with perhaps less than 1000 employees, the class may be more appropriate for a CIO level person, some sort of C level executive. Typically, we're expecting vice presidents, directors and in some cases senior managers. We're expecting people from departments that are normally responsible for leading change, and they might have titles like process engineering or coaching. While there may be some individual contributors, the focus will be typical on middle managers of larger companies.

Someone whose job title was a black belt in a company that follows the Six Sigma methodology; that's sort of the person that we might expect to come. Or someone who might be expecting to hire that type of person, if you believe that you need to hire a black belt to come and run a change initiative for you. You're

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looking to recruit a consultant and then manage that relationship, the vendor relationship with a consulting firm.

We'd expect those people to be attending our class because whether they're leading the change themselves or having to manage a vendor to do it. There will be a great deal of benefits for them from understanding that the framework that Bob and I have synthesized together and recognizing how they would measure the current change-management capability and how they would recognize improvements in it.

The first of these classes is in the Washington, DC area. We feel there is a significant market around the DC area for larger perhaps public sector businesses where they undertake large-scale change and often don't manage it as well as us taxpayers would appreciate. We believe that there's a strong market in the DC area, and it's an ideal place to launch this new training seminar.

October the 29th and 30th, Monday and Tuesday, at the end of this month and then another Monday and Tuesday, at the beginning of December, December 3rd and 4th, in Los Angeles, will be the second of these two classes. You'll notice from the web page; there's an outline of Bob's framework, and in there he does talk about culture. A significant part of the framework is culture, and another part of it is messaging.

I think Bob, and I have a shared belief that advanced change-management capability is embedded in the culture of the organization. It's embedded in the way that managers act, how they make decisions, how they communicate.

So the company culture and its messaging is reflected by how executives, senior leaders in the company, are communicating, how they're making decisions, the values that they hold, how closely aligned their decision-making is with those espoused

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values, and they set an example that will be reflected down through the organization.

And in that sense, when you reach this cultural point, you've achieved what the Japanese call a Kaizen culture, a continuous-improving culture, an organization that at all levels is challenging itself to do better and to make changes, and change is the norm for those kinds of organization.

However, I don't think you can flip a switch and have a Kaizen culture. You can't flip a switch and change a company culture. For organizations that are not ready yet for that Kaizen level, the nirvana of continuous improvement, they will be managing change in a discrete fashion, and individual changes will be managed as projects.

I think that's a pragmatic reality, and we have to live with that. We need to work with organizations at whatever level of maturity and capability they are now, and perhaps coach them over time that they need to let go of the change as a discrete initiative with a project associated with it and move more to a cultural approach.

**Joe:** I think everybody forgets that Toyota started doing this back in the '50s, and we started writing about them in the '80s and '90s. There was an evolutionary change there. They didn't flip any switch over there.

**David:** I saw a friend of mine tweet the other day that, looking at many of his peers, published authors, people that talk at conferences and so on, that the average for overnight success is 14.9 years. It is certainly true that building an organizational capability takes a long time. When I'm teaching this in some of my own workshops, I'll often use examples from sports. And one of my favorite examples is to use Formula One racing--not particularly popular, perhaps, in the United States or well

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understood, but more internationally, South America and Europe; it's very well understood.

It's interesting to look at the successful teams who've been around for 50 years or longer, racing open-wheel racing cars, and they have an incredible level of maturity, and then in comparison to younger startup teams. In recent memory, there was a period of five years where Toyota attempted to enter the Formula One market and compete there, and it didn't go so well for them.

There are other younger teams that start up, and there have been several in the past four or five years. They definitely struggle at the beginning, because reaching a level of organizational capability, maturity, and performance that allows them to compete at the front of the race and at the head of the championship and in the top two, three, four teams that take a long time. It doesn't happen overnight, and it requires a level of dedication and professionalism and a belief that it's possible to get there.

I think, often, in knowledge work, we tend to discount this. We assume, "Hey, we're all smart. We're well educated; we have high IQs, and we can think our way out of any problem." And while thinking is obviously an important skill, actually practice is also very important. Practicing things and having experience is perhaps just as important as having a thinking capability and a high IQ.

So when it comes to managing change in an organization, we need to be practicing it regularly. We need to start small. We need to build experience. Through practice and experience, we get better at doing bigger, harder things. When you express it that way, it just seems like common sense.

**Joe:** I think that's a very valid point. One of the things I'll add to it is, in doing these podcasts, I talk to a lot of people that implemented, Lean successfully in companies. Every one of them

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has told me that they wish they would have tried to do less instead of more. I always thought that was interesting because I'm talking to the successful ones. I think that just goes to show that change doesn't happen overnight that they respect the fact that you can only bite off so much.

**David:** Very counter-intuitive that you make more progress by biting off less. Bite off too much, and you run into resistance and inertia forms. You make less progress. The counterintuitive truth is that by biting off smaller amounts and by having experience to recognize what's an appropriate amount to bite off in a given situation, that's a really invaluable skill.

**Joe:** I go back to the Apple mystique and a lot of people, what they credit Steve Jobs is for his ability to say no and his ability to keep a much directed approach. When you look at Apple products, you can lay all the Apple products on one table. Simplicity is important.

What would you hope someone would take away from the workshop if they come?

**David:** I think there're some very simple messages that change management is an organizational capability you need to have, in the same way you would think of testing or user-interface design or database administration as capabilities you need to have. Like any other capability, you need to build experience. You need to build skill in it. You do that through practice, through repetition, and you do it by learning to walk before you run, by trying small things and doing them frequently, and by gradually building confidence and skill and capability to do larger things.

What I'm hoping is people will go away and recognize that they need to think strategically about how to create that change-management capability in their organization.

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If they're feeling very confident, if they're feeling Zen-master, "time to walk on the ceiling" sort of confident, then perhaps the recognition that beyond the change-management capability is the cultural institutionalization of change capability, where rather than think of changes as discrete projects and as an organization and a discrete capability, it becomes something that everyone is doing, and everyone is capable of, and the change capability can't really be separated from the organization and the culture.

**Joe:** I think it's interesting that the capability is starting to creep into the vocabulary a lot now. We've always been talking about innovation and being driven by innovation, but I'm hearing that word a lot more lately.

**David:** Well, I think that's very healthy. I'm glad to hear that. I know that I've been encouraging it. I think the Kanban community encourages it. It's a term that I very much associate with W. Edwards Deming, and I find that it's a very positive term. When you talk to someone about improving their capability, they react in a way that says, "I believe you're helping me," whereas if you talk to someone about, "I'm here to help you improve your performance," they get very defensive, that performance seems to invoke a defensive reaction, where capability invokes a positive, collaborative reaction. I think it's also important that people recognize that successful outcomes come as a result of having appropriate capability.

We understand this is in real life. I have daughters who compete in gymnastic competitions, and anyone who goes to watch those understand that the girls that have the capability to do things like a cartwheel on a four-inch beam; they win the competitions because they had the capability, and if they don't have the capability they don't win. Meanwhile, of course, there's this need to continuously improve capability because it's a competitive situation.

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It's interesting to me almost everyone I meet would understand these things in real-life situations, in their home and family life, but when they go in the office, they often seem to forget it, they lose sight of the idea that a capability or particular skill will affect the outcome. If the outcome isn't what we hope and expect, we should focus on improving our capability. That will improve the probability of a successful outcome in the future.

**Joe:** I think that's very well said David. Is there something you would add that maybe I didn't ask?

**David:** I feel that we've hit on the important points you've drawn up. I value the opportunity to come and talk to you again, and talk to you about what I believe is really very important need for organizational change management capability. To make it very clear that we're not talking about change management within IT systems, rather business change management.

**Joe:** What's the best way for someone to contact you?

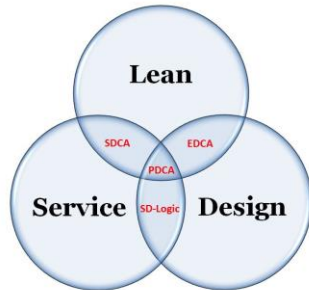
**David:** Through our website or our email, [info@DJAA.com](mailto:info@DJAA.com). Or certainly they can contact me directly. My email is my initials, DJA for David John Anderson. [DJA@DJAA.com](mailto:DJA@DJAA.com).



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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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