HDI 2017 CONFERENCE & EXPO

SESSION 205
Wednesday, May 10, 11:30am - 12:30pm
Track: Support Center Optimization

Lean IT + ITIL = Awesome!

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Session Description

In this session, you'll learn how to use Lean tools and ITIL roles and responsibilities to focus on improving processes and IT services. Detailed discussion of tools like the voice of customer, critical to quality tree, value stream mapping, and DMAIC (Define, Measure, Analyze, Improve, and Control) will enlighten you to the importance of business relationship management, service level management, process owners, process managers, and service owners.

Speaker Background

Troy DuMoulin is a leading ITIL and IT governance authority with a solid and rich background in executive IT management consulting. Troy is an ITIL Expert with extensive experience in leading ITSM programs with regional and global scope. He's a frequent speaker at IT management events and is a contributing author to multiple ITSM and Lean IT books, papers, and official ITIL publications.

Session 205: Lean IT + ITIL = Awesome!

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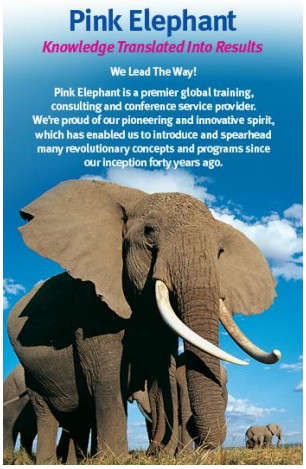
Pink Elephant

Agenda

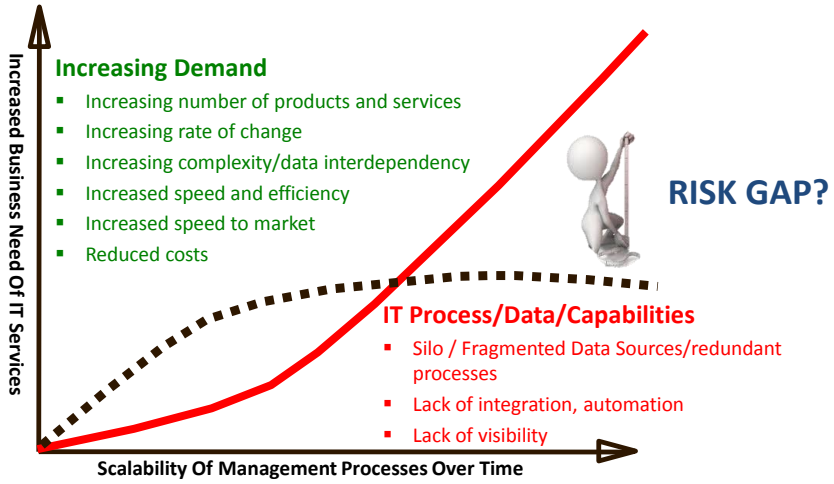


- The Business Problem
- Lean IT Value Proposition
- Lean ITSM & IT Management
- Lean Thinking & IT Culture
- Working Smarter Not Harder

Objective

Understand how IT organizations may adopt proven Lean improvement practices to accelerate ITSM processes by identifying waste, and the overall speed of process execution.

The "Risk Gap" For Business Growth Goals



Operating as a mature IT Service Provider requires managing demand and efficient management processes and data across silos!

The Need for Speed and Stability

Voice Of Customer | **Voice Of Business** | **Voice Of Legislation**

User Stories

The concept that the IT Organization is conflicted by seemingly antagonistic goals

Respond quickly to urgent business needs

Provide stable, secure and reliable IT Services

Product Backlog | **Voice Of Process**

The Challenge Of Culture

The Challenge Of DevOps & Silo Mentality

Time & Money

Stability & Control

Strategy → **Design** → **Transition** → **Operations**

Preserving Value With The Least Effort

IT Value System – Service Lifecycle

Governance

Strategy/Planning
Demand
Resource Capacity
Priorities/Scheduling
Process Ownership
Compliance
Financial

Business Relationship Mgmt.
Demand Management
Service Catalog

Strategy/Design/Transition

Operational Goal: Manage service operations to maximize customer outcomes and minimize cost

Customer Engagement

Plan/Build Management

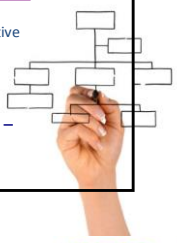
Operations Excellence

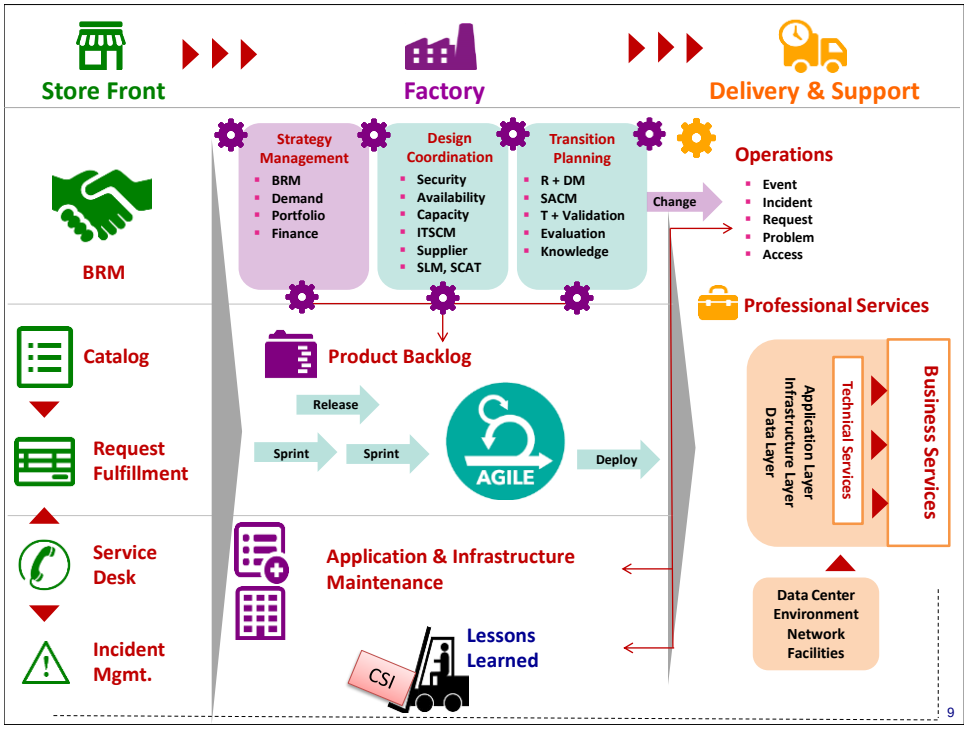
Operational Goal: Understanding and managing customer needs, requirements and expectations to solve business problems and deliver value

Operational Goal: Manage the risk and resources to deliver quality, cost-effective services and service enhancements

Continual Improvement

Monitoring
Reporting
Service/Process Improvement – Efficiency/Effectiveness



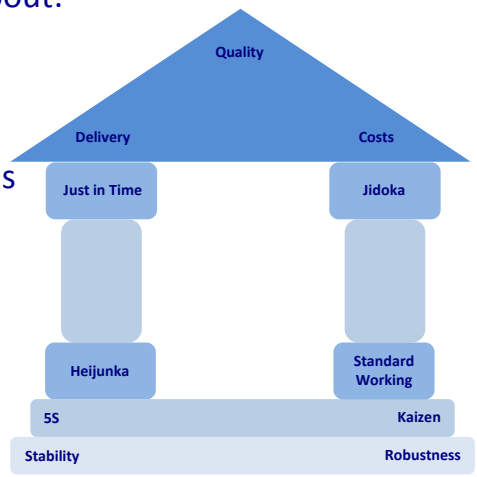


Lean Is A Way Of Thinking & Acting

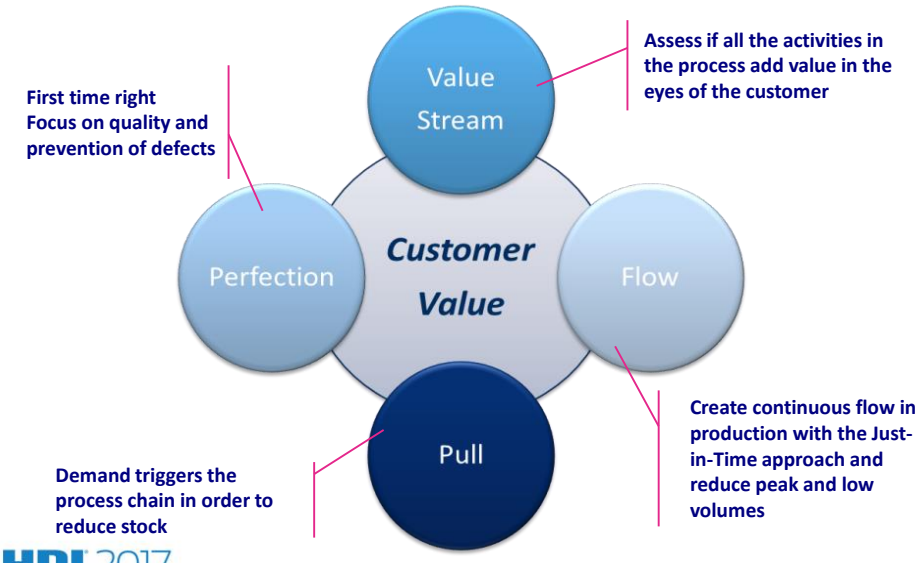
Lean thinking and acting is all about:

- Increasing customer value
- Eliminating waste
- Management as facilitator
- Involvement of all employees
- Continual improvement

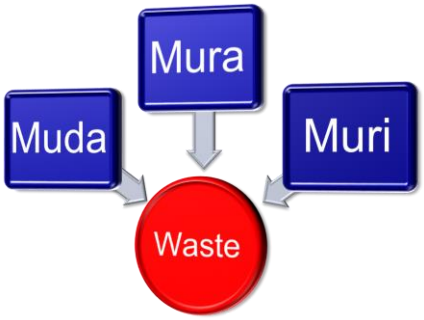
"Preserving value with less work."



Lean – Customer Value At The Center



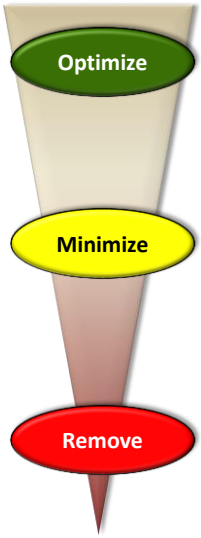
The 3 M's Of Waste



- **Muda** – Unnecessary, Non Value
- **Mura** – Variation, Variance
- **Muri** – Over Burdened

Lean – Three Types Of Activities

- **Value-Add:** Work that adds Value in the eyes of the customer that they are willing to pay for:
  - Application development
  - Server Maintenance
- **Necessary Non-Value-Add**: Work that is not "Value-Add" but must be done:
  - Recruiting staff
  - Finance and accounting
  - Application testing
- **Non-Value-Add:** Work that does not add Value for the customer or the business:
  - Redundant work
  - Solving IT incidents
  - Doing more than required



Flow Killers

- Defects/Incidents
- Re-work
- Problems
- Variation
- Inflexibility
- Overburden
- Overproduction
- Waiting
- Overprocessing
- Bottlenecks

Examples Of IT Waste

- Multiple Service Desks all with their own tools and separate processes
- Massive amounts of wasted server capacity due to a lack of Capacity and Demand Management
- Redundant and duplicate IT Management tools being purchased by various IT departments in the same organization
- Multiple Change Management processes due to political boundaries
- A willingness to solve the same Incidents 1000s of times without looking at the root of the problem
- Supplier contracts expiring without knowledge until an Incident occurs
- Losing track of tens of thousands of dollars of IT assets due to poor tracking controls and inventory processes
- The loss of massive amounts of business productivity due to Incident tickets which disappear into the IT back office black hole until someone shouts loudly enough
- A willingness to supply multiple/duplicate versions of the same services
- The list goes on...

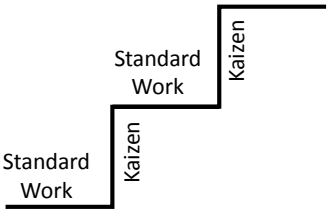
Proactive Problem Solving

Reactive vs. Proactive Problem Solving

Lean is not just about hunting down waste and reacting to the crisis of the day. Its goal is to move an organization to a desired state through relentless problem solving and incremental improvement.

The Importance of Standard Work

- Without a standard there can be no Kaizen
- Standard work must evolve and change
- Standard work is the basis for stabilization
- Standard work removes subjectivity
- Without a standard it is not possible to understand if the change is an improvement
- Standard work sustains the Kaizen outcomes



Standard work establishes the best (fit for purpose) methods and sequence for each process and each stakeholder

Improvement – The Five Steps

Define
- Describe symptoms and define the problem
- Ensure stakeholders agree on scope of problem

Measure
- Collect data and facts about the problem
- Validate the data

Analyze
- Analyze and structure the data
- Define and test hypotheses regarding the problem

Improve
- Define alternative solutions
- Decide on and implement improvements

Control
- Anchor the change in the organization
- Share lessons learned

DMAIC - & Lean Tools

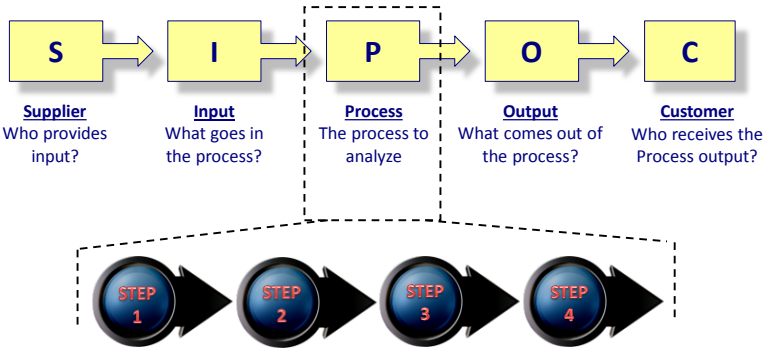
Problem Solving Methodology

DEFINE	MEASURE	ANALYZE	IMPROVE	CONTROL
SIPOC (Current)	Quick Wins (Identify)	Ishikawa	Quick Wins (Implement)	SIPOC (Revised)
VOC	VSM (Current)	5 Why's	VSM (Future)	KPIs (Monitor)
CTQ	Pareto		KPIs (Updated)	
	KPIs			

Using A SIPOC To Scope Improvement

Describe Suppliers, Input, Process, Output & Customer

- "SIPOC"
- High level view of a process for determining VSM scope

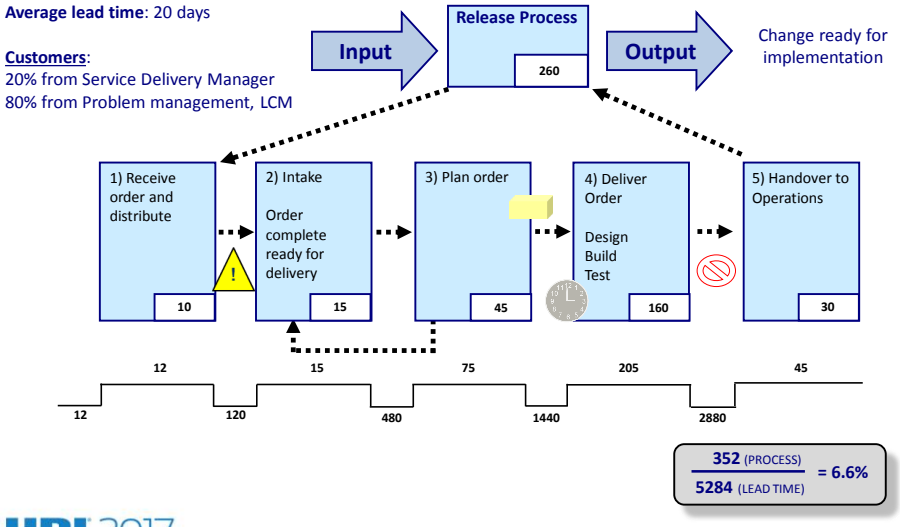


Per step, analyze the activities, the people involved and findings

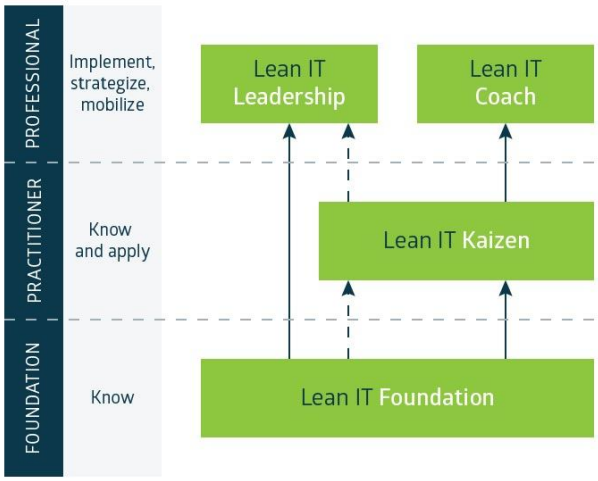
Value Service Map (VSM) - Example

Unit of work: Request for Change
Average lead time: 20 days

Customers:
20% from Service Delivery Manager
80% from Problem management, LCM

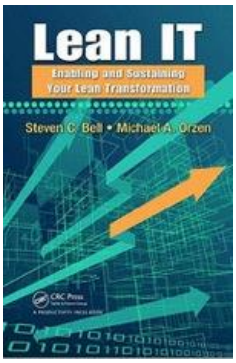


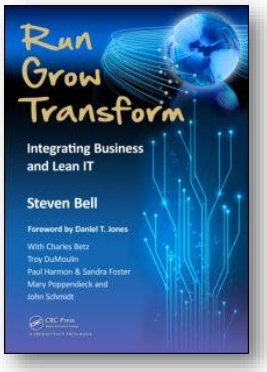
Lean IT Association (LITA)



LEAN IT ASSOCIATION
Setting the Standard for Lean IT Education and Certification

Lean Thinking For IT Value Generation





There is an adage in Lean
"The only improvement you can make with an unstable process is to stabilize it."

What Do I Do Tomorrow?

- **Troy's Blog: blogs.pinkelephant.com/troy**
  - PR 71 - Using Kanban for ITSM & Operations
  - PR 70 - Release Management & DevOps Teams
  - PR 69 - Using Lean Kaizen Across The Enterprise
  - PR 68 - DevOps, ITSM Release & Aviation Best Practices
  - PR 67 - The Lean IT Field Guide
  - PR 63 - Using Lean Visual Management For ITSM
  - PR 59 - Lean IT – Gaining Sr. Leadership Buy In
  - PR 18 - TOC, LEAN & Six Sigma The Three CSI Sisters

Questions?

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Thank you for attending this session.

Please complete the short evaluation for this session on your mobile device. It is available in your email or through the conference app.

Pink Elephant Blog Post

Using Lean Principles For Effective Continual Service Improvement

The following is an excerpt from Pinker Troy DuMoulin's IT Service Management blog *The Hitch Hiker's Guide to the ITIL® Galaxy and Beyond.*

AVOIDING THE SCALE

Let's face it – we could all loose a few pounds of inefficiency if we looked at our current practices through the pragmatic lens of value and waste.

One of the challenges of effectively engaging in continual service improvement—or even the initial task of documenting processes, policies and roles—is that it forces us to take a long, hard look at what we are doing today and our effectiveness.

> "Standing on a Lean scale takes discipline and unusual courage."

Failing to acknowledge or confront IT Service Management (ITSM) issues stems from the same dislike we have for bathroom scales or the annual fitness assessment. As long as we don't have the facts confronting us, we can willfully ignore what we know to be true, but do not want to face.

GETTING STARTED

The first step is to acknowledge that there are many of our current practices that are not beneficial to our goals such as activities or actions in which we engage that are wasteful, redundant and provide little to no value.

This means that we first have to understand which activities of a process are part of its "value stream", where process inputs are worked on and transformed into a valued output, which meet a validated need. In light of this understanding we can assess all process activity in terms of:

Value Activity: Actions, resources or activities that have a direct connection to producing the desired outcome.

Necessary Non Value Activity: Actions, resources or activities that, while not having a direct hand in producing outcomes, provide the necessary measurement and governance elements to keep the process intact – the glue holding the process together and executed as expected.

Waste Activity: Actions that neither support the outcome, nor have a hand in keeping it together.

With these principles in mind, the goal is to optimize the valued activity, minimize the Necessary Non Value Activity and eliminate the waste. However, the question is "how do we identify the waste, trim the fat and make sure we are only engaging in actions that produce value?"

This is where the Lean Waste categories come in—time to have your process measured on the Lean Scale!

LEAN WASTE CATEGORIES

Consider using the following categories to evaluate either your current 'as is' process, or your 'to be' process design, and face the unpleasant facts of process bulge that will likely require a lifestyle change to remove.

Over Production: Too many steps, transactions, authorization requirements, and/or cycles in the process.

Sometimes our processes end up looking more like a Mac Truck when all that is needed is a Honda Civic. The problem is that we can over engineer a process based on the goal of perfection versus fit for purpose, but sometimes good enough is good enough!

Over Processing: Too much Non Value added activity.

Yes, measurement is good and assessments keep an eye on quality and service improvement opportunities; however, maintaining a sane balance of reports, administration and process governance is key, based on the complexity and risk required.

Waiting Unnecessarily: Too much time between process activities.

Since a process is a series of dependent or parallel tasks, which take inputs from the upstream activity and passes them downstream towards the eventual value based outcome, there are many points of potential wait–states where the flow of the value stream spends unnecessary time queuing. Making sure that these wait–states are not excessively long, and even evaluating their necessity, is a key part of finding opportunities for process improvement.

Ownership Issues: When a single person cannot be identified as the single point of process accountability (the request "take me to your leader" produces a blank stare).

Without clear process ownership, finger pointing and "someone should really take care of that" type of statements are common. Just like having 25 priorities means that you have no priorities, a process without clear ownership suffers from benevolent neglect. The concept of "we all own it" is sure to lead to wasteful activity.

Unnecessary Movement: Too much or redundant movement between value-added steps.

A good example of this is a poorly designed Change Management process where all changes regardless of risk or size flow through a change advisory board for approval. This tends to bog down a Change Process, where it is deemed to be ineffective, bureaucratic and wasteful of people's time. The idea is that changes should have the right level of approval and release assurance based on the level of risk—too many approval cycles for a minor change are not beneficial.

Underutilization of Human Resources: Not making use of available skills and talents.

We typically think of waste in regards to what we should not be doing, but we are often wasteful by failing to make use of valuable human resources. For example, not giving the Service Desk ownership of end-to-end incidents; not utilizing the Quality Assurance folks in the production assurance steps of Release and Deployment Management; not involving your Architecture group into the process of defining IT Services (many of which they helped to design). Unfortunately, we too often allow a silo mentality to block us from using the skills already inherent in our organizations.

Formal Improvement Models can be used effectively to move us into the discipline of self evaluation and prioritized improvements. Just like signing up at health clubs and working with personal trainers can provide structure and motivation in our personal lives, working within a structure and being held accountable at work gives us the discipline to get things done. This is where Lean Principles can be used to drive a discipline of assessment and improvement.

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Knowledge Translated Into Results

Lean IT Value Streams: Making IT Better, Faster, Cheaper

Article

Troy DuMoulin
VP Research & Development
Pink Elephant

The IT industry is going through a profound shift based on market pressures it has, in one sense, helped to create. The speed and cultural expectations that have evolved from an Internet/streaming economy have created a business culture and expectation which requires unprecedented levels of agility to remain viable – let alone profitable. This has created a downstream impact on internal and external IT providers, who must find ways to optimize the way they process requests and deliver services.

However, one might argue that the need to move faster has always been a constant pressure. While this is true, there are relatively recent, unique factors that have kicked this requirement into high gear over the past three years.

Localized Optimization In IT Value Streams

Lean and systems thinking teach us that any process/value stream is constrained by its bottlenecks. To even identify where these bottlenecks exist in a system, one must be able to visualize the IT value stream in order to identify areas of blockage.

The challenge with this is that traditionally, IT has not been optimized from a value stream orientation. Instead, IT has been focused on localized and domain optimization, based on vertical, silo-based technology towers. While the lifecycle concept of Plan-Build-Run has been around for a dog's age, and frameworks such as ITIL®, TOGAF, and COBIT® have provided systems thinking context and examples, the governance of IT has been fragmented by the technology domain.

This means very few IT Leaders look at optimizing the flow of the enterprise value system, but instead look for ways to optimize Plan-Build-Run activities as distinctly different focus areas. Look closely and you will see that many organizations will have separate strategies for each technology tower without considering the full system's performance.

An Unsustainable Model For Managing IT Complexity

This fragmented approach to governance increases complexity as organizations increase the variability (Mura – a Japanese term used in Lean processes) inherent in establishing different processes, suppliers, and technology strategies to address the issues of growing demand. This increased complexity and localized variability comes with the expected impact of creating more opportunity for waste, defects, rework, and error – all of which conspire to impact the organization's ability to scale and accelerate.

To compensate, IT professionals have been kicking in the extra effort, capacity, and time to keep the flow moving by working evenings and even forgoing their weekends to deal with release or support issues.

This is not a recipe for long-term sustainability on many levels. Beyond the harmful impact on people's personal lives, this type of unhealthy system drives burnout, from trying to do more than is possible. IT professionals, regardless of their skill and goodwill, are unable to create more time in the day to continue to compensate for fragmented systems. To use an old saying: "You can't get more blood from a stone."

Balancing Supply & Demand In IT

Two factors are influencing a company's ability to realize customer objectives at a competitive speed: the increasing rate of demand and the stagnant rate of supply. Any reasonable consumer of a service will quickly begin to look at alternative suppliers if they realize that a company has an increasing backlog of work and long queue time before their request can be addressed. Simply put, tell me I have to wait several weeks/months for my urgent request to be handled, and I'll need to look somewhere else for a solution.

We see this in the increasing use of directly purchased cloud services, contracted third-party IT services, and the funding of increased shadow IT functions. All of which, unfortunately, continue to add to the complexity and decreasing speed of the overall IT value system.

Lean For Better, Faster, Cheaper Value Delivery

To compensate for this growing pressure, IT organizations have finally begun to focus on optimizing their horizontal value stream as a complete system. They're turning to the principles of Lean, which are focused on quality and flow. Lean principles have, in turn, spun up the practices of Agile software development and recently, DevOps. All of these concepts have one thing in common: speed.

As a speaker, consultant, and author, if you were to ask me what the topics of conversations around the IT water cooler were five years ago, I would have quoted you words such as availability, risk, compliance, reliance and maturity. However, the language of today has drastically shifted from those terms to focus on words such as agility, flexibility, performance and velocity. We're seeing a complete pendulum swing from one side to the other based on the challenges I have outlined in this post.

We have to find a way to deliver on requirements for both speed and quality. "Better, faster, cheaper" implies that we continue to deliver quality -- just with more efficiency. In order to achieve this, we must reverse the increasing complexity of our organizations by identifying, standardizing, and automating our IT value streams.

We need to understand how work flows from request to its fulfillment in order to identify bottlenecks, remove waste (Muda), and manage WIP for optimal flow. To do this, we don't have to reinvent the wheel; we just need to understand that in order to accelerate our businesses, we need to accelerate the IT management processes that have been well documented in frameworks such as ITIL® and COBIT®, and take advantage of the opportunity to standardize processes and services.

Final Thoughts

In short, the IT industry is finally waking up to the fact that localized (or siloed) optimization is not going to take us where we need to go, or allow us to deal with the speed imbalance of supply and demand. Leading with Lean principles means that we recognize that our Lean IT value streams have to be optimized for flow. Practicing Lean or Agile means that we aim to improve them every day.

About Pink Elephant

We Lead The Way!

A premier global training, consulting and conference service provider, Pink Elephant has an undisputed reputation for leading the way. We're proud of our pioneering and innovative spirit, which has enabled us to introduce and spearhead many revolutionary concepts and programs since our inception forty years ago.

About The Author

Troy is considered by many to be one of the world's foremost ITIL and ITSM experts. A passionate and experienced Executive Consultant, Troy is always willing to use his rich and extensive background to share what he knows, and is always on the hunt for more knowledge. Troy always has his finger on the industry's pulse – if there's a question about what the latest trends in ITSM, Lean, Business Relationship Management or Organizational Change Management are, he has the answer! Troy is a frequent speaker at ITSM events, a contributing author for several books focused on ITSM and Lean IT concepts, and his blog is one of the industry's most popular and informative.

About LeanKit

LeanKit is the only enterprise-wide work collaboration software that's purpose-built for Lean and Kanban. We enable teams of all types and across all levels of an enterprise to visualize their work, optimize their value streams and deliver faster. Learn more at leankit.com.

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This article was originally published in conjunction with LeanKit.