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Making Metamorphosis Real

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**Our first
Metamorphosis is
YOU.
From IT Leader to
Business Engineer**

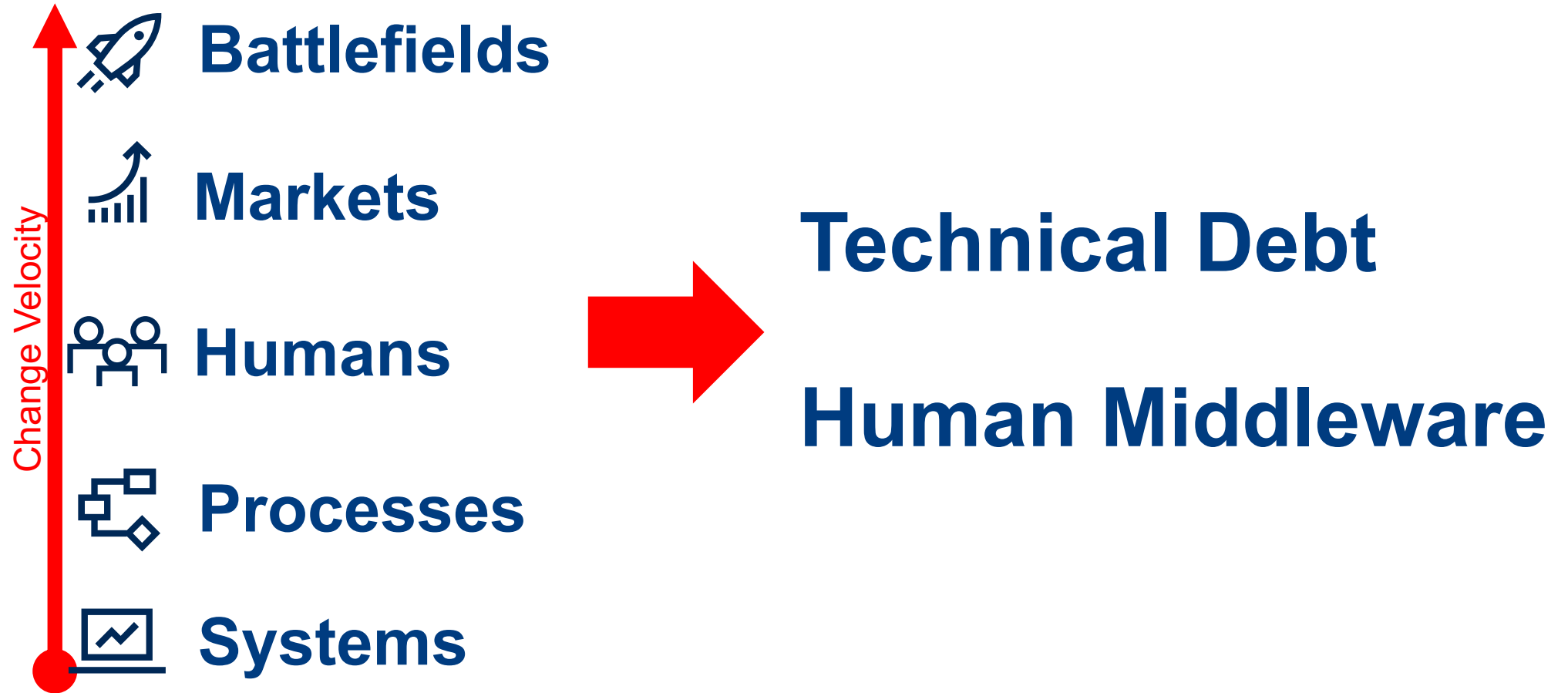
Did you know 2018 Harvard Business Review's list of top 100 CEOs had more engineers on it than MBA's?

Over the past 30 years a revolution has happened in business

The LEAN / AGILE revolution has changed the way business is done in **Manufacturing, Supply Chain, Tech Firms** and even most “regular enterprises” **IT shops**.

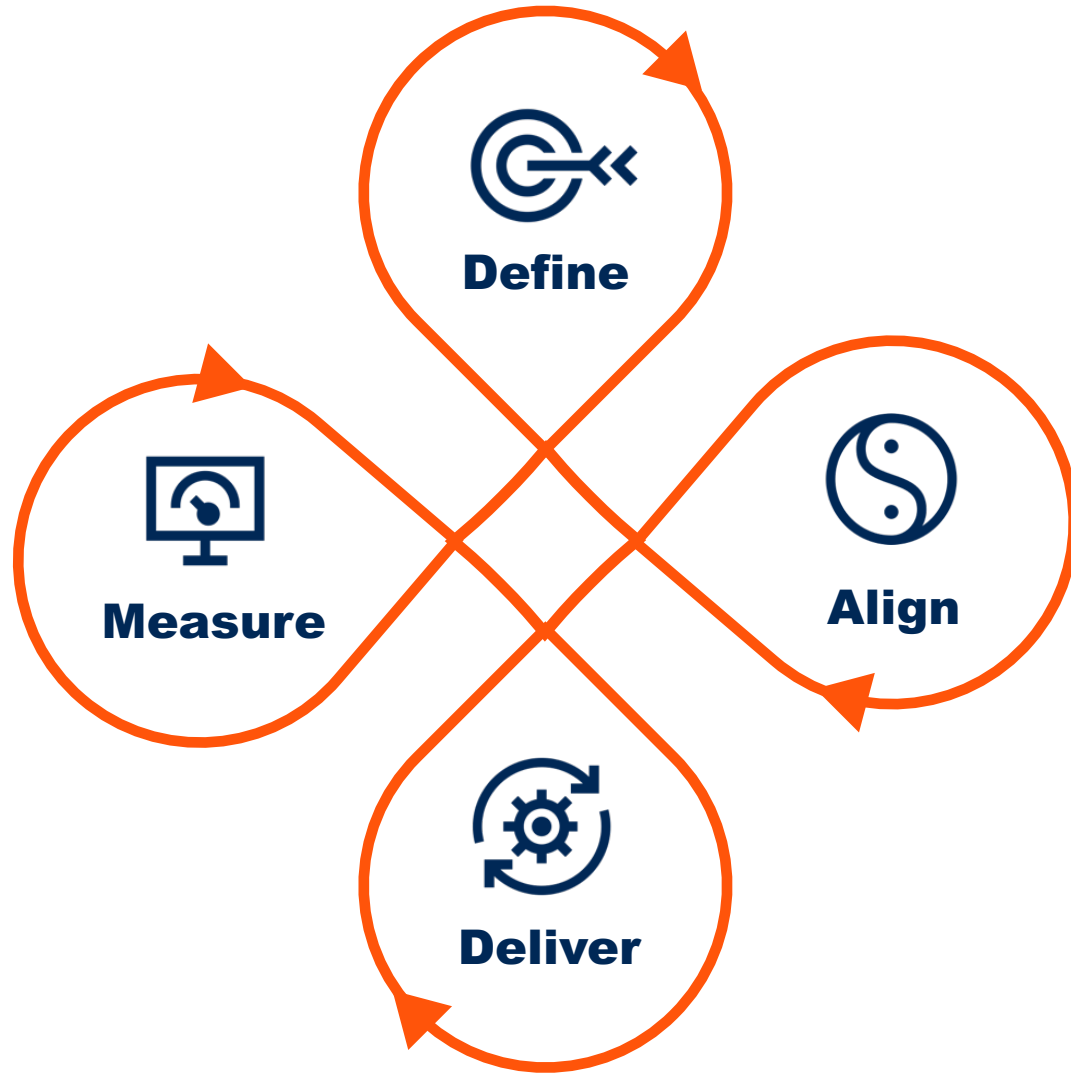
*Of course this has failed to take hold for **knowledge work** because:
Knowledge work isn't an assembly line*

The Business Engineering Challenge of a Lifetime



**And of course, any
real change means
also rebuilding the
airplane in flight...
just that.**

**Our Second
Metamorphosis is
Your enterprise to
Agile Business**



The **Gartner Agile Business System** enables a Lean / Agile approach to be used *everywhere* in the enterprise, consistently.

Define (How you win)



Define **how you win** by answering 4 questions:

1) *What does agility mean to you?*

eg: Scale production up/down, sense customer needs faster than competition, adapting rapidly to commodity prices, etc

2) *For my team scale results in?*

eg: Lower prices (economies of scale), faster service, reduced time to market, greater reach, etc.

3) *Resilience Means for my team?*

eg: Always full shelves, always on time, highest quality at price point

4) *We Win by being _____ 1st, _____ 2nd, & _____ 3rd.*

eg: Always full shelves, always on time, highest quality at price point

Business strategy in a paragraph: We win by having **every day low prices** (scale), **always full shelves** (resilience), and **shaping market demand** (agility)



Define

**Do this for at least
the first 3 levels of
leadership if not all
the way down.**

ProTip: Do them separately first, then harmonize

**Every team gets a business
strategy in a sentence:**

*We win by having **every day low prices** (scale), **always full shelves** (resilience), and **shaping market demand** (agility)*



Imagine if every team knew how they won individually and how that contributed concretely to enterprise success.

1. Embedding these as values creates immediate lift, longer term can empower culture change
2. Rapidly identify and correct structural disconnects.
3. Enable differing interpretations or executions of strategy for each team while still explicitly connecting

Align

(Everything to Value)



**Yes, really everything*

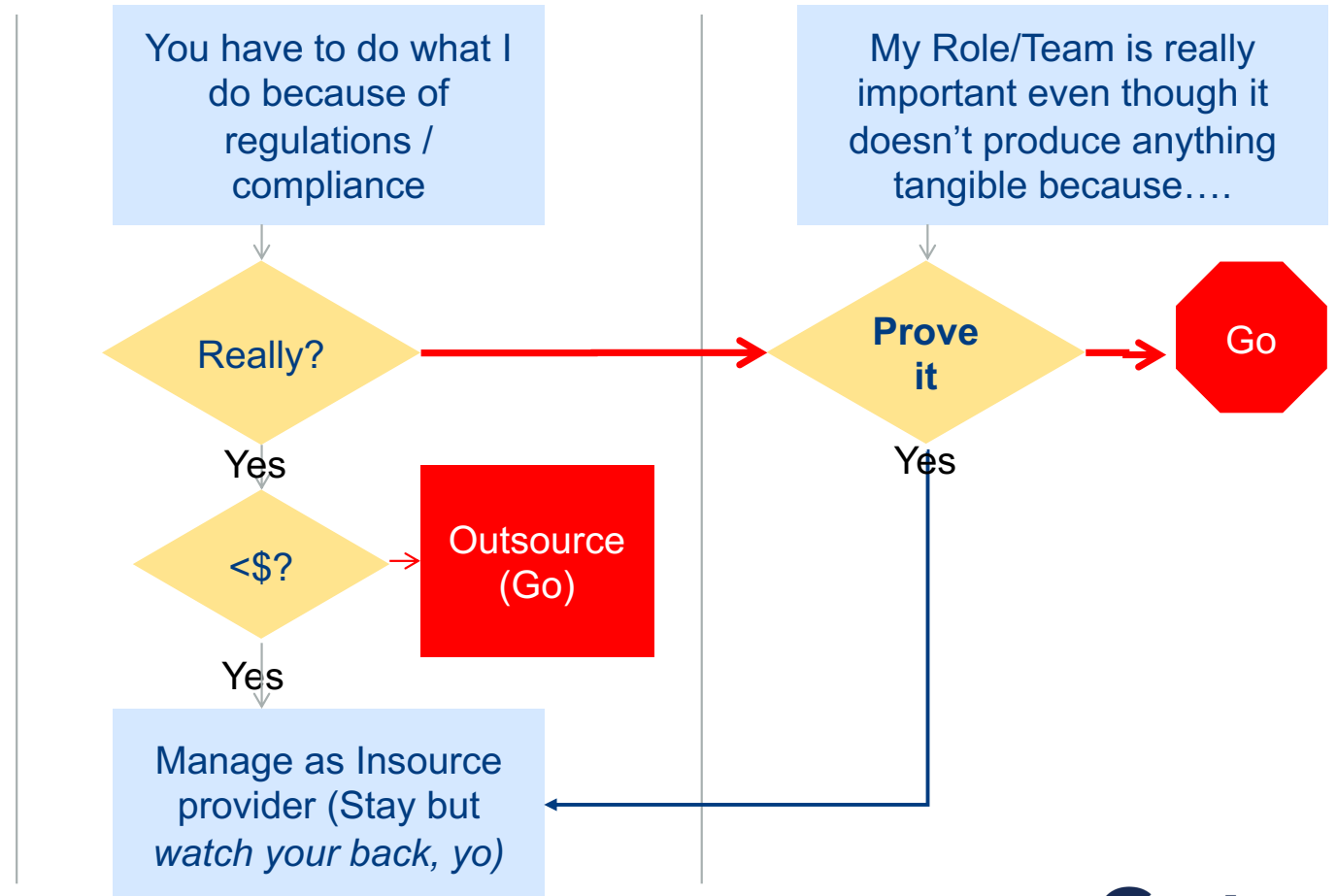
Value is created **only** when something is produced that someone else is willing to **Pay For**.

Every team should define:

- 1) *Who are my customers?*
- 2) *What do I produce for them that creates value?*
- 3) *What materials or inputs do I need to do my work?*
- 4) *What supporting capabilities, tech or talent are needed?*

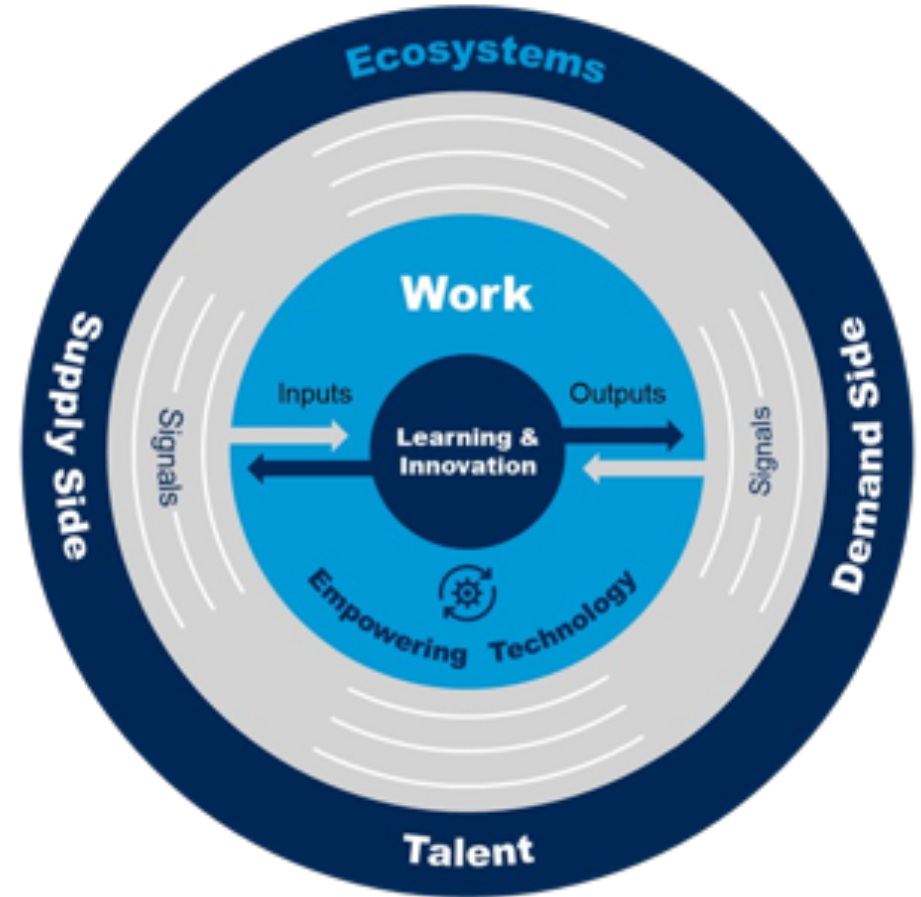
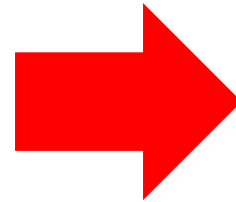
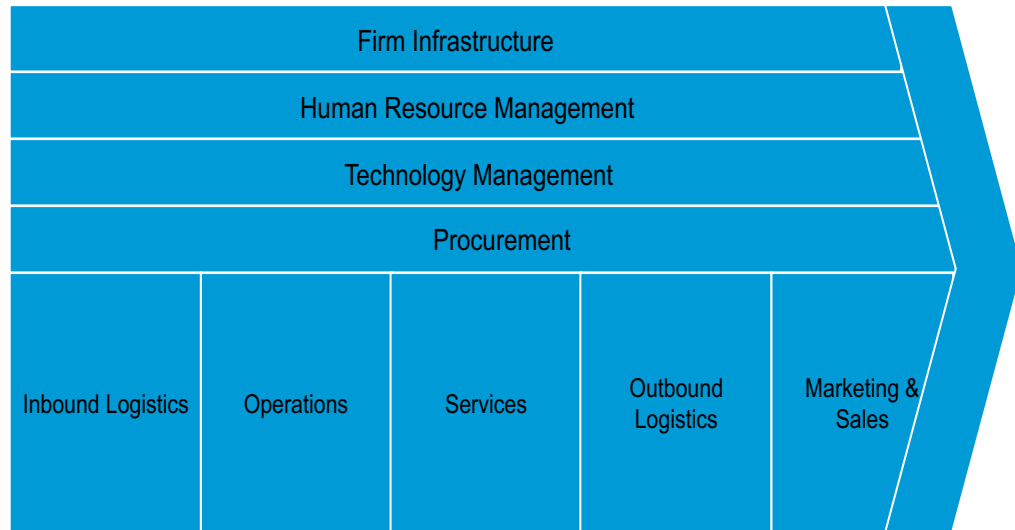


Yes, some things don't fit into neat value streams, here's a 'Cosmo quiz' to figure that out.



A Mindset Switch: From Value Chain to Ecosystem

Michael Porter's Value Chain Model



GABS Scales From the Enterprise to the Individual Contributor

The Enterprise
(as a value proposition framework)



Functional Areas
(as a service/value framework)



Expert Domains
(to distribute and organize work)

Procure to Pay



Individual Contributor
(to perform, manage and optimize work)

Mary (Invoicing)



Deliver

(Everything as a Service)



**Yes, really everything*

Everything as a Service means every team functions as a ***Service Provider***

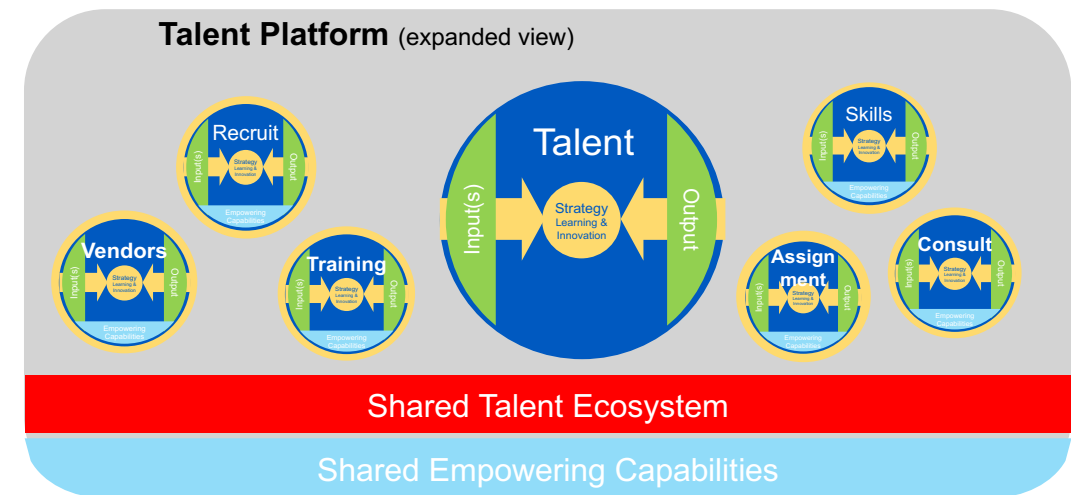
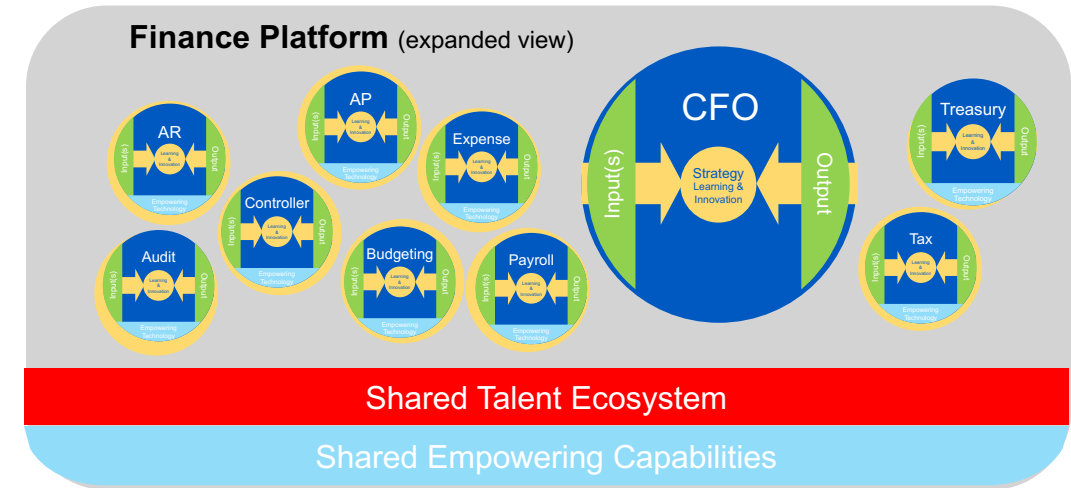
Define services in terms of:

- ***Signals***: what events cause us to start, stop or change the output of the service.
- ***Inputs*** – What information or materials do we need to perform the service?
- ***Service*** – name and description of the service
- ***Outputs*** – What is produced from the service

Just encapsulate processes don't reengineer them at this step.

No team should have more than 10 services, use this as a forcing function. Collect or nest similar teams together into platforms so they can share resources.

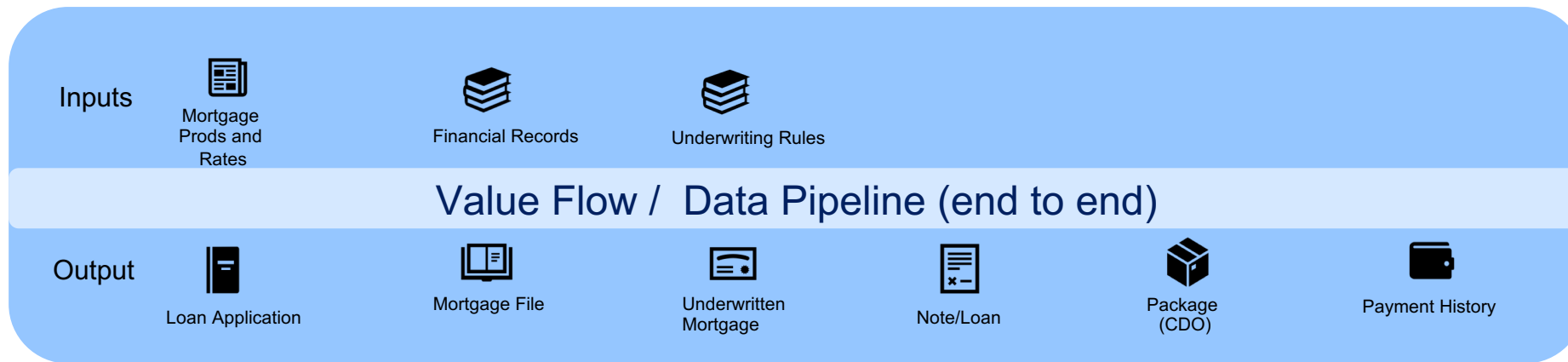
Isn't it crazy that IT's had a service catalogue for a decade or more yet Finance and HR (usually) still don't?



Stop thinking processes & start thinking “Manufacturing Data”

Map the flow of data to the value flow. Think of it like “Manufacturing Data” map data flows and how it’s enriched and becomes other data

An Example Mortgage Process Prospect to Servicing:



This is actually much easier and way faster than process mapping.

Measure

(Use *Agile Measurements*)



Agile Measurement is obsessed with value which we define with just 3 factors:

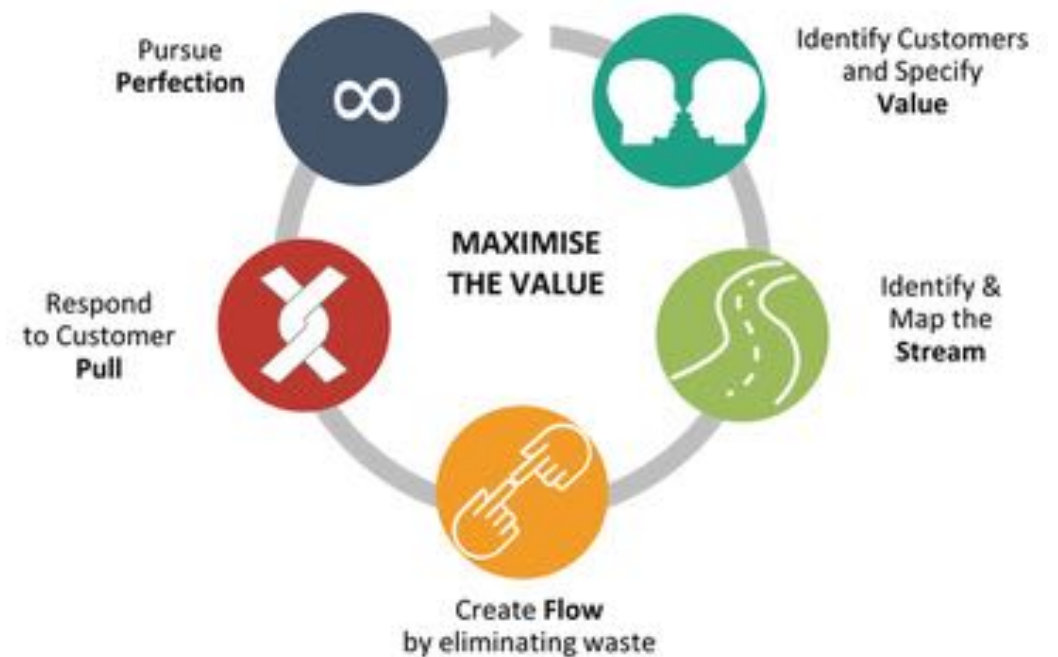
- *Flow*: measures cycle time, latency, and delivery friction
- *Quality*: contains both objective (defects) and subjective (satisfaction) measures.
- *Cost* – used as a benchmark for continuous improvement. **Use standard costs for simplicity.**
- **MEASUREMENTS ARE SIGNALS.**

**Because every team
is a **service provider**,
we can manage them more
easily, mostly it's just
counting things, and
comparing peers.**

**This is not a destination, but a
enterprise *lifestyle change*
resulting in a virtuous cycle of
continuous value optimization**

This should not be alien to any organization that is “bigger than a breadbox”, we’re just doing it *everywhere now*

Lean Manufacturing / Supply Chain Cycle



The Gartner Agile Business System Manifesto

- Every business component must have a value proposition and a customer
- Work focuses on the deliverable, not the process
- Market or metric mechanisms (signals) drive work not command and control
- Hire for versatility
- Employees pull work, it's not pushed on them
- Information, not process becomes the heartbeat of the enterprise
- Governance adapts to work not work to governance

**Our Third
Metamorphosis is
From Fast Follower to
Break Through
Innovator**

What's the Problem With Breakthrough Innovation?

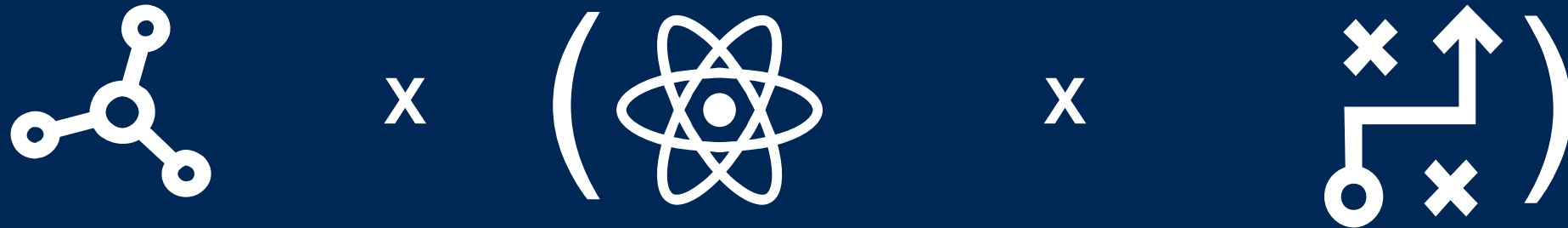
Think about Everywhere / Edge AR/VR – the possibilities are so limitless that it's actually difficult to prove to CFOs and Boards where one should start...

Since the industrial era the basic formula for innovation was:

*Scaling Factor * Commodity = ROI*

So simple even CFOs understand it. ;)

A New Formula to gain Focus AND Funding.



*[Leverage Factor] * ([Precious Resource] * [Industry Choke Point])*

Digital can do so much more than scale commodities...

Digital Does More than Scale – Look to Leverage Resources *Differently*.

- **Experience:** Seeing in contexts, experiencing something through other eyes / perspectives.
- **Scale:** Getting more Bang for your Buck
- **Engagement / Stickiness:** *Retaining or focusing customers, employees, attention, action*
- **Force Multiplication:** *improving the effectiveness or agility of individuals & teams –*
- **Contextualize / Know:** bring knowledge or context to a point of maximum impact
- **Sense / See:** Sensing further, faster, sooner or differently
- **Agility:** Changing adapting faster, operating on a different tempo.
- **Resilience:** Anti-fragility, reconfigurability, Strength.
- **Speed:** Getting it done faster, there sooner.
- **Quality:** Doing it better with less risk

Digital Can Affect More than Just Commodities

- **Flow**: absence of friction, making the right way obvious
- **Knowledge**: Knowing What to do
- **Experience**: Knowing When to do it.
- **Awareness**: Knowing Why it's Important
- **Decisions**: Making the right decision sooner
- **Talent**: Leveraging to different effect

Choke Points AR/VR – A Construction Example

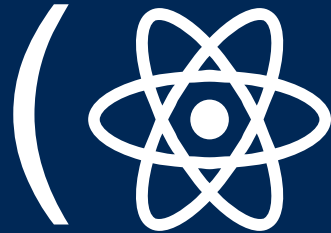
What do I Do Next?

**PLAY WITH
CONSTRAINTS**

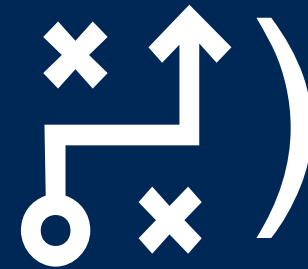
The “Mother Sauce” to Find Your Own “Secret Recipe”



x



x



*[Leverage Factor] * ([Precious Resource] * [Industry Choke Point])*

- Experience
- Scale
- Engagement / Stickiness
- Force Multiplication
- Contextualize / Know
- Sense / See
- Agility
- Resilience
- Speed
- Quality

x

- Flow
- Knowledge
- Experience
- Awareness
- Decisions
- Talent

x

Industry, Segment,
Market Constraints