

SERVICE MANAGEMENT AND LEAN THINKING

This is the fifth in a series of six postings looking at the impact of the new realm of service provision on the traditional way of managing services as per the ITIL framework.

The postings cover:

1. Agile Methodology
2. DevOps and CI/CD
3. Cloud Computing
4. Digital Transformation
- 5. Lean Thinking**
6. Internet of Things (IoT)

A brief explanation of Lean Thinking (Reading from the Master)

“If it does not add value to the customer, get rid of it.”

Quite often there is waste in what is being done to deliver services. The ‘fat’ that we carry around, adds cost to, and slows down the service provision, and its agility to improve.

An excellent book to explain Lean Thinking is “The Lean Startup” by Eric Ries.

As the name implies, Lean Thinking is about a new way of thinking about how to do business. It is not restricted to the Startup organisation. It is an entrepreneurial way of thinking that can be performed within any organisation, with the right managerial support.

Lean Thinking is about a new kind of management, and a need for intrinsic validated learning. Validated learning is not after-the-fact rationalization or a good story designed to hide failure. It is a rigorous method for demonstrating progress when one is embedded in the soil of extreme uncertainty. The creation of a fresh, new service is one such bed of uncertainty.

Validated learning is the process of demonstrating empirically that a team has discovered valuable truths about present and future business prospects. More important than following a plan, is the ability to adapt the plan to what has been learnt. This learning can be validated scientifically, by running frequent experiments that allow entrepreneurs to test each element of their vision. (A/B Testing for example).

Build-Measure-Learn, are the fundamental activities to turn ideas into products. Measure how customers respond, and then learn whether to pivot or persevere. All successful processes should be geared to accelerate through that feedback loop.

In addition, Innovation Accounting is required to improve entrepreneurial outcomes and hold innovators accountable. How to measure progress, how to set up milestones, and how to prioritize work. This requires a new kind of accounting.

Entrepreneurs who operate inside an established organization are sometimes called “Intrapreneurs” because of their special circumstances. A different type of management is required to build a startup within a larger company.

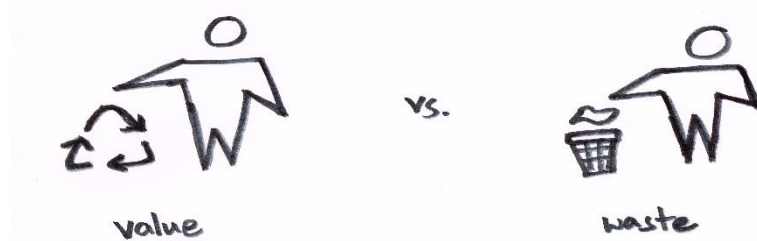
Whether a startup, or an established organisation, both need Lean Management. Management that can ‘ring-fence’ departments within the enterprise, and allow them to operate independently, but still measured by Innovation Accounting methods.

In either case, there are two main feedback loops, Internal (Growth), and External (Customer). Be guided by these. Have a plan, but don’t over engineer the plan. It will and must change over time in response to the feedback loops. Instead of making complex plans that are based on a lot of assumptions, you can make constant adjustments with a steering wheel called the Build-Measure-Learn feedback loop.

There are numerous similarities with Agile Project Management. Best suited when the outcome is not easily, or completely defined. Experiment, and if feedback indicates that a change in direction is required, then ‘pivot’, modify the requirement to closer align with customers’ needs.

A pivot is a special kind of change designed to test a new fundamental hypothesis about the product, business model, and engine of growth. There are many types of pivot options available. (see “The Lean Startup” for a list of these, and their drivers).

Lean thinking most of all means stop wasting people’s time.



If its of value, reuse it. If it is waste, get rid of it.

What does this mean to Service Management?

The impacts of Lean Thinking on service management are similar to those impacts from Agile development (see the first article). They are two-fold. Service Management processes must be able to accommodate development using Lean Thinking, and Lean Thinking should be applied to service management processes to make them more efficient.

Consider service management where we are in **Service Design** stage, yet the strategy for the service is still open. We don't yet know what the potential customer will want. Or where we are building a new service, yet ready to pivot in design if early releases (experiments) support the need to do so.

In Agile terms, these early releases may be considered as Minimum Viable Produce (MVP) releases, for the same desired outcome, to solicit quick customer feedback.

Change Management may be set at a pivot level (depending on the size and impact of the pivot). Results of A/B testing and customer feedback must be captured to assist in assessing the success of a change.

Configuration Management is used for version control, including maintaining versions of processes that are being applied. The processes themselves become Configuration Items.

Root Cause Analysis, from **Problem Management**, is an input to the optimisation stage. Should we persevere with the current plan / direction, or pivot to a new one. The root cause can define the type and direction of the pivot.

Financial Management must adapt to include Innovation Accounting. Set the parameters of acceptable variance from expectation. Reset governing parameters with any pivots performed.

I suggest a clear understanding of the principles behind Lean Thinking is required before beginning any major project to roll out such a paradigm shift. In fact, I would recommend you NEVER initiate a project to roll out Lean Thinking. Instead, always keep its principles in mind when undertaking the optimising of any services or processes within your organisation.