

Paula

Once again this is a reminder of The Control Tower

This is our Model Control Tower of The Thinking System - It's only a model but can be very powerful in constructing a new Culture of Continuous Improvement. You will see this model throughout this entire training course of CPI2. We will show you how we built this Control Tower from the ground up and why each piece is an integral part of constructing the Continuous Improvement Culture.

It's important to understand that this tower builds the structure for discussing the "What" is required to build the Continuous Improvement Culture but not the "How". That will come later.

Please note that each element can be monitored with metrics. Care must be taken to understand the impact a metric has and create value in their use. Metrics just to measure something is waste if it is not used to improve the process. The point of metrics is to focus on those that are NOT meeting the target, problem solving, and making improvement. It is NOT about lowering the standard in order to meet the target.

For this session we are focusing on The Thinking System and Strategic

Alignment and Deployment. These finish the house with a complete roof which culminates the The Thinking System as Culture.



# The Thinking System



- Simply put **The Thinking System** is a system that challenges YOU to THINK. It's about developing people who can produce creative and innovative ideas.
- *It is about People Development which materializes as Airmen that are Motivated and Productive and have the ability to Think and gain new knowledge and skills. This creates more capacity in the existing people.*
- Going to the source of a problem causes you to use all your senses; sight, hearing, touch, taste, smell. And when you stop and think, not talk, about your surroundings you can begin to search for the root cause of a problem or about these creative and innovative ideas.
- **The Thinking System** is about Developing People to think.



## Paula

- Simply put **The Thinking System** is a system that challenges YOU to THINK. It's about developing people who can produce creative and innovative ideas. Thinking is vital to continuous improvement because you can not count on a tool exactly applying to every problem you encounter. It is better to know how to think.
- *The thinking system is about People Development which materializes in Airmen that are Motivated and Productive and have the ability to Think and gain new knowledge and skills. This creates more capacity in the existing people and can result in more organizational capacity when the thinking is focused on removing waste*
- Going to the source of a problem causes you to use all your senses; see, hear, touch, taste, smell. And when you stop and think, not talk, about your surroundings you can begin to search for the root cause of a problem or about these creative and innovative ideas.
- **The Thinking System** is about Developing People to think. The Thinking System is not about the tools. It's about providing people with development, training, knowledge and skills that teach them to combine all of that experience and knowledge, to have the capacity to make things better, to being creative, and to step outside the box and not keep others inside their box. It really is about learning all the pieces of the control tower using your thinking on how and when to use all the parts to create continuous improvement. It's like a mechanic and their tool box. All the tools are there, the mechanic just needs to know which ones to use, when and how. So the mechanic is The Thinking and how

- to create a solution when you don't have the right tool. That's the best way I know how to describe the thinking system in action
- It's also about Leaders being passionate about teaching and developing their people. And their people being passionate about learning.
- Creating Continuous Improvement is a function of thinking. The thinking system says that blindly implementing without considering the full context and implications is a mistake. The Thinking System provides the benefit of being a process that develops individuals. The real message is to stop and think before doing. It indicates that your first action is to think and not just do.

Most thinking is around solving problems first and Continuous improvement will come. When you say "what should I do" always include how and when. It allows Leaders to quickly assess the situation and begin problem solving.

In our environment of constant change thinking is our defense against plateauing and never exceeding the status quo. Clearly, relying on the status quo is a failed strategy from the beginning

The slide is titled "The Thinking System in Strategic Planning". It features the U.S. Air Force logo on the top left and the TSD logo on the top right. The central diagram consists of two interlocking arrows: a blue arrow pointing right labeled "Strategy Development" and a green arrow pointing left labeled "Strategy Implementation". These arrows meet at a central green circle labeled "Strategic Alignment". To the right of the diagram is a screenshot of a software interface titled "Annual Plan by Career Field and/or Functional Department". The interface shows a table with columns for "Career Field", "Functional Department", and "Annual Plan". Below the table, there are sections for "Analysis / Justification for this year's activities" and "Following / Unmet Needs".

Copyright Total Systems Development, Inc., 2020

- John
- 
- I believe that most people think that Continuous Improvement is only at the lower levels of the organization. However, it starts at the very top and trickles down. It starts with Strategic Planning and Targets.
- To achieve a more competitive organization, an organization must commit to a long- term strategy (5+ years). This strategy is based in the interpretation of the facts available at the time of creation. The unfolding of the facts creates the basis for the story of the future of the organization.
- Strategy is enacted through planned individual commitment and through a mutually agreed to plan. For the individual to commit, complete understanding is required. Just communicating information about the strategy is insufficient. The process for creating understanding is initiated at the top level of the organization. The test of a good strategy is if it tells a logical story of where the organization needs to be in the future with facts to support it
- Commitment a critical element for strategy and members begins with engagement from top-level individuals who understand and deploy what is required, consistent with the strategy, in an annual plan. Leadership

- must be able to communicate fully **what** is required in order to bring the rest of the organization into alignment and commitment. The annual plan is the first year of the strategic plan. The subordinates at every level must be able to write a plan to tell **how**, in actions, This process tell the leader if they are committed to achieving the **what**. True commitment only happens when the goal is fully understood and demonstrated in their plan. Alignment is created through this activity. Understand by the leader comes from their subordinates plan. The plan then becomes the commitment. The plans created become living documents and are used to review progress through the metrics as defined to monitor improvement and identify problem areas.
- Alignment occurs when there is consensus to the requirements and consensus occurs with subordinate understanding and engagement through development of the plan. Consensus is not compromise, it means agreement to try, not final authority but it means a willingness to support.
- Leaders understand that people are not immediately going to grasp and understand the information provided. The annual plan for CI as the living plan for improvement, represents about 10% of the expected activity for the plan owner. 90% is achieving the daily operation plan.

Let's take a little deeper look.

**The Thinking System**  
Goals for Development

**Safety**  
No recordables or near misses and no lost time

**Quality**  
A process that delivers developed people in competency

**Delivery**  
On a defined time frame of three years  
Of readiness to the organization

**Cost**  
Productivity / Efficiency

**Morale**  
10% improvement initially based on Opinion Survey

Copyright Total Systems Deve

John  
SQDCM

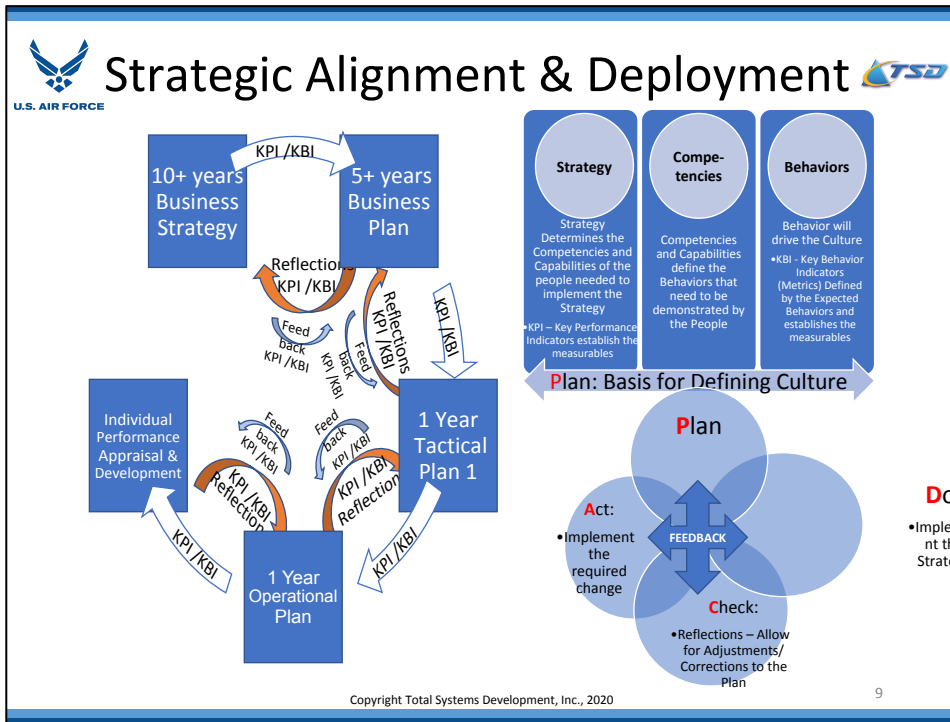
- As Leadership develops the long term strategy they must also define the metrics to know if they are on target to achieve what they have set out to accomplish. This will be reflected in periodic feedback just as in the PDCA cycle demonstrates in the Check phase.
- Metrics have to be clear and defined, not ambiguous. These metrics have to be broken down from the long term strategy to the yearly plan and individual performance. Most metrics can be summed up in these categories.

### **Safety, Quality, Delivery, Cost, and Morale (SQDCM)**

Continuous Improvement impacts everyone of these categories in order to achieve the targets as set by leadership without letting the process regress. Nothing is more frustrating to having achieve a level of performance and seeing it digress to a lower level. Metrics allow you to see the trends and quickly make this known while setting the expectation that it is unacceptable.

At this point problem solving is engaged to resolve the issue that is causing performance to regress. In addition, the expectation that regression is unacceptable. The faster the regression is seen and acted upon the stronger the belief that standard performance is the expectation and the resolution of problems a priority.





Paula

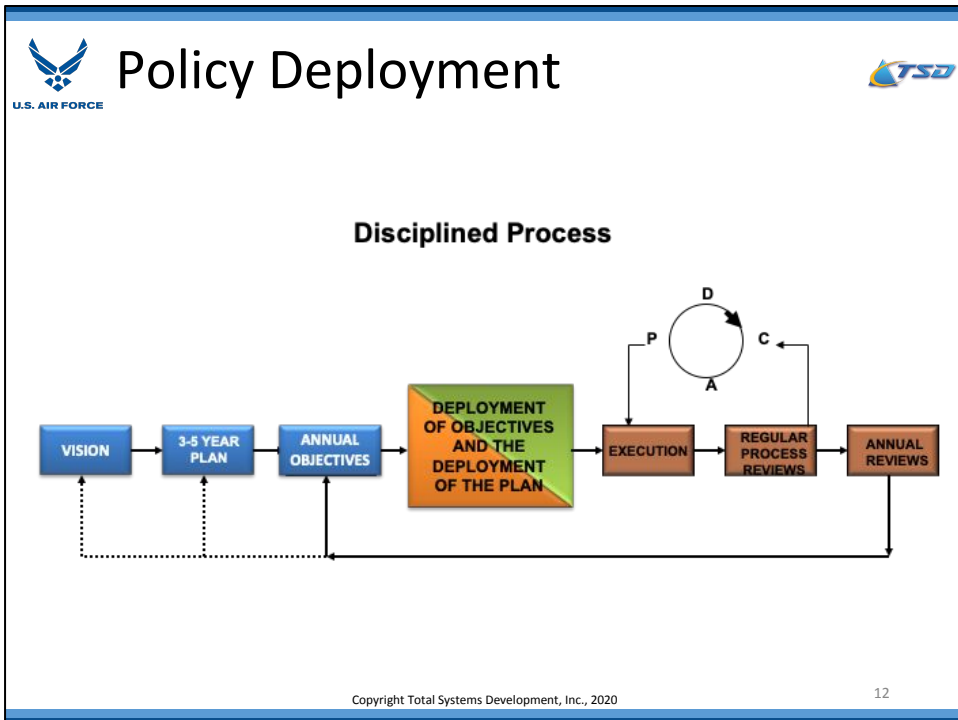
## The Thinking System and SA&D

This chart shows the progression of alignment and deployment as it is turned into a plan to execute

- Each year businesses update their Long Term Strategic Business Plan of 10+ and 5+ years and the functional departments develop a Hoshin / Business Plan for one year. This encompasses key elements of Who, What, When, Why, and How. And will also establish “How Much” through metrics / KPI (key performance indicators). This will set the expectations and the measurables for the coming year. This is the “**P**” of the **PDCA** cycle, which is Plan, Do, Check, Act.
- SA&D is standard work at the top management level and is the Communication Tool used to cascade expectations and measurables to the rest of the organization. Once this is cascaded through the organization then you implement the actions as defined in the Business Plan. This is the “**D**” in the **PDCA** cycle. The metrics are used to monitor performance to the plan.

- As part of Process Control there is a Reflections and Analysis of Standards that exists within the business Planning cycle. Reflections allow for two way communication between leadership and the employee. This allows a period of time where there is discussion about what went well (keep on doing it) and what needs improvement which is an opportunity for Continuous Improvement. Facts are derived from reflections of the past and current conditions and the facts must be exhaustive to be relevant. This is the “C” in the PDCA cycle and allows for the project to be adjusted which is the “A” in the PDCA cycle.
- This “plan” is deployed to the rest of the organization and aligned to individual performance and development. This is the majority of the work done throughout the year for continuous improvement and People Development. Focus is on adding value. The next segment is the flow of the strategy from the Strategy itself through behaviors that are accumulated into competencies. These three elements create the culture of the organization specifically set to deliver value.
- 
- The resulting plan becomes the commitment of that individual to accomplish what in the plan is agreed to. The next piece is to accomplish the plan called “do”. During the doing the “check” is performed by the leader to assure that the plan is being accomplished. This is mostly a coaching process where deviations to the plan are looked for and problem solving is engaged to resolve them. This is usually accomplished in two ways. During a regular GEMBA walk or during reviews. The final review of the year is conducted and the evaluation of the plan accomplishment is reviewed. If the results are positive then the question is asked if this is the way annual work should be accomplished. If the answer is yes, the results are then standardized. If the results are not positive then problem solving is engaged. All of this information is to inform the upcoming years plan. All of this activity is measured against the annual expectation and the long term strategic expectations and is used to create the next year’s annual plan.
- The next part of Process Control in the Business Plan process is Feedback. Feedback must be constructive and must be a two-way discussion. This will lead to the Performance Review of a Division, Department, and an individual . This is one of the most critical aspects for Process Control of the Business Plan.

- Feedback must always lead to training, development, and/or education. Mr. Minoura, President, Toyota North America, always told me “if you don’t fail sometimes, you aren’t learning”.
- I don’t expect you to be able to write or completely understand **Standard Work** for Business Planning yet, however, I want you to understand the concept of Process Control, Standard Work, and PDCA together as one continuous process..
- Just as PDCA is a critical part of the Strategic Thinking it is also a critical part of the Tactical Actions. Understanding what went wrong and why (5 times why) is the key to Problem Solving and Continuous Improvement. **Standard Work is the foundation for all Continuous Improvement and Problem Solving.**
- Mid-Level Management helps the Operations Level up with discovering and resolving problems. This does not mean “Fix the Problem” themselves **without** coaching or a Problem Solving Process using Standard Work. The first most critical step, is going to the *GEMBA*, which is going to the actual place where the process or work is done, to watch with a critical eye. Not talking or suggesting, just watching. This is necessary for all aspects of problems. These same tools and methods work for both operations and administration.



Paula


Policy deployment is simply a process to both align and get commitment of the personnel to the goals of the organization. The focus is on improvement and the daily work schedule is handled separately. In total time taken for policy deployment is to consume 20% of work time taken. It is a process that assures that what needs to be done is aligned with the vision and the strategic plan to create the annual plan.. The annual plan is the first year of the strategic plan. It is the responsibility of management to define “what” needs to be done and deployed throughout the organization one level at a time. At each level the superior defines the “what” and the subordinate must define “how” it will get done. In each subsequent rounds level by level the superior must take their “how” and define them as “what” are the goals and deploy to there next level down. When defining the “how” it will get accomplished, it is presented to their superior as a plan that details the tasks and timing with a measure of success. This process of defining their plan and the support that there creates the commitment. At every level the plan is review to assure alignment, timing and resources. The closure to this discuss becomes a mutually agreed to a plan for the commitment of the subordinate.

Because the plans are commitment, the plan provide a standard from which deviation can be determined. These deviations become problems to solve and the expectation is that the 8 step problem solving is engaged and the problem is solved and the standard is fully engaged.


Once the planning is completed, the focus of the organization become execution of the plans, the most difficult part, and solving problems to maintain the standard and achievement of the commitment. Having regular reviews of the plans plus regular gemba walks to confirm and coach the member see the support assures expectation are met for those who execute their plans.

For the leader the emphasis is not finding failure but supporting success of the tasks and the individuals. The annual review is the last one in the plan period where several important elements of planning and execution takes place. The leader in the review is finding status and issues to determine if the plan elements need to be stopped, completed or carried over to the next annual plan. It is also the time when the leader understands the current situation for analysis to determine the plan for the next annual plan.

This process is powerful because it is built for commitment, accountability and success. It allows the leader to coach and not constantly chase problems all the time wondering if the goals are a commitment or just nice to have. What the organization experience is a different relationship with their deliverers of value.



# Strategic Planning



**Strategic planning** is an organization's process of **defining its strategy**, or direction, and making decisions on allocating its resources to pursue this strategy. It is here that priorities are set. It will also extend to control mechanisms for guiding the implementation of the resulting plan.

Copyright Total Systems Development, Inc., 2020 14

John

Strategic Planning is a process for deciding the goals to be attained over a 5 to 7 year period. The success is determined by the breadth of the research and the depth of the analysis. It is the future and overall success of implementation will depend on the organization's ability to execute the plan. In the end it is the quality of the story told that resonates with both those who manage and those who execute the tasks. Over time the quality of the plan will increase so it is imperative that it is reviewed every year to see if the implementation matches the intent. It is expected that every year changes are made as new information becomes known. The annual plan is the first year of the strategic plan. It must be expected to be correct as the foundation for all the following years. When assessing the annual plan an in-depth look at the strategic plan is required.

The leader must also keep in mind that their role is not to determine who is successful or a failure. Their role in a continuous improvement environment is to do everything they can to create an environment where success is the focus. This requires coaching, support to each and every member and a language that demonstrates to the member that the success of the members is their focus, not finding failure.

It is important to remember that the "status quo" is not a driving force. It is the intent of

strategic planning to define how the status quo can be improved. For the leader, it is important that not everything will need to change but that the status quo should be challenged to achieve higher performance. Those expected to accomplish this must see the support to allow them to try different ideas to invest their time and energy. The leader sets the tone for improvement by demonstrating support for trying new ideas



# Strategic Planning Questions



1. Compare current state to ideal
2. Where are we going
3. What is our mission and broad goals
4. How do we position ourselves in relation to our competition
5. What are our internal strengths
6. What goals should we set
7. How are we going to get there
8. What strategic alternatives do we have
9. What actions and major changes should we take
10. What major changes to the environment are likely to occur
11. How will we make a difference over the life of the strategy
12. How have we learned from the past
13. What are the risks of the proposed strategy
14. How will you monitor the results

John

For a strategic plan to be successful answers to these questions must tell a realistic story. In so doing, everyone can understand and make their contribution. These questions lay out the elements of the story in the form of questions to be answered. These questions will also provide a check on the completeness of the plan. These questions can vary widely based on the organization and its definition of competitiveness. Expect interesting additional questions are you progress through these as you create you strategic plan.



## FMDS (Floor Management Development System) OMDS (Office Management Development System)



Copyright Total Systems Development, Inc., 2020


17

Paula


This is a Daily Management Process that ensure the accomplishment of the Strategic Alignment and Deployment Plan. It can be used as FMDS or OMDS. This board is reviewed daily to determine where the problems exist and get commitment to resolving them. It is vital to the person adding value to get and understanding of priorities. It also includes any information that is considered useful such as pictures, charts and plans. It helps the leader understand how the annual plans are progressing.

- While this board looks like something that you see in a shop floor or manufacturing environment it has been used in many contexts: Hospitals, Administrative goals, Human Resources, Procurement, maintenance and many others. I had a similar board in Human Resources when managing a global transformation for Global People Development and Global Succession Planning
- The key is communications to those who are responsible to making the goals a reality and not just another piece of paper reviewed once and put away in a desk until the next review not touched. This is not a board for leadership to create but for every level of the organization to

- have ownership. This is a place to share, discuss, modify, lead, coach, and provide immediate daily feedback, not blame. It is a constructive look at the current situation in the context of the annual plan. It is also a great way to teach leaders and members what is going on outside of their areas.
- To visually understand the complexity of achieving the standard you must have a clear understanding of what is expected. This information center is designed for a stand up meeting that looks at each annual goal broken down into Safety (S) Quality (Q) Productivity (P) (or Delivery (D)) Training (T) (or Morale M)) and Cost (C). or SQDCM as we most commonly call it.



# Summary of The Thinking System and SA&D



- It is initiated by the goals and strategies of the organization
- Everyone knows and has their Annual Plan for accomplishing the goals
- The plan becomes a commitment
- The basis of task accomplishment is standard work
- All plans are reviewed regularly
- HR has a role of monitoring behavior and providing development to each person

Copyright Total Systems Development, Inc., 2020 10

John

(These bullet points are the summary and should be gone through one by one)

- We begin with goals that are derived from strategy and turned into annual plans. Each person in the organization has an annual plan which is their commitment to accomplish the goals that apply to them.
- Accomplishment is measured through standard work.
- All processes including leadership have standard work. The plans are the contents of all reviews. HR supports this way of doing business by monitoring behavior and development of each individual to ensure they are in line with the expectations for the current and future roles.