simplicity as quality.
The changing face of “excellence” programs.

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Survey Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lean</td>
<td>50%</td>
</tr>
<tr>
<td>• Lean Six Sigma</td>
<td>48%</td>
</tr>
<tr>
<td>• Business Process Management</td>
<td>42%</td>
</tr>
<tr>
<td>• Balanced Scorecard</td>
<td>37%</td>
</tr>
<tr>
<td>• ISO</td>
<td>34%</td>
</tr>
<tr>
<td>• Six Sigma</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>(-38% since 2005!!)</td>
</tr>
<tr>
<td>• Total Quality Management</td>
<td>22%</td>
</tr>
<tr>
<td>• Baldrige/APQC/etc.</td>
<td>16%</td>
</tr>
</tbody>
</table>
thoughts on simplicity.

“Make everything as simple as possible, but not simpler.”
—Albert Einstein

“Simplicity is the key to brilliance.”
—Bruce Lee

“Simplicity is the ultimate sophistication.”
—Leonardo da Vinci

That’s been one of my mantras - focus and simplicity. Simple can be harder than complex. You have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.
—Steve Jobs
benefits of simplicity.

2014: Simplicity by the numbers

170% How much a portfolio of the world’s simplest brands has beaten the average global stock index since 2009.

70% The percentage of consumers who are more likely to recommend a brand because it provides simpler experiences and communications.

38% The percentage of consumers willing to pay more for simpler experiences.

Complexity costs In the most complex industries, customers are 2X more likely to call a representative to find information than in less complex industries.
defining simplicity.

Simplistic  vs.  Simplicity

 Ignorance  vs.  Awareness
 Inattention  vs.  Knowledge
 Laziness  vs.  Spirit of helping
 Deception  vs.  Honesty, Sincerity
 Easy for us  vs.  Easy for them

Perfection is achieved, not when there is nothing more to add, but when there is nothing left to take away.

– Antoine de Saint Exupéry

- Simplicity
  - Easy to Purchase
  - Easy to Implement
  - Easy to Manage
  - Easy-to-Read Reports

Simplicity  vs.  Complexity

Elegance  vs.  Simplicity

Dumbing it down
why simplicity is not simple.

• Organizational silos drive complexity and lack of coordination

• Interactions are designed with internal processes & systems in mind

• “Inside out” becomes the primary mode

• “Customer-back” thinking requires explicit effort
simplicity + quality = agility
the business problems.

• Customer complaints
• Time to market
• Regulatory issues
• Risk events
• Process knowledge
• Associate engagement
• Cost structure
• Transparency – operational risk
• Transparency – operational performance
the program.

SIGMA
Effective
Delivers what is required by customers, regulators, and our strategy

LEAN
Efficient
Delivers output with optimal resources

QUALITY
Continuously Improving
Self-healing and improvement driven by an empowered front line

* Well Managed *
* Customer-centric Simplicity *
• Business Process Hierarchy - value streams of linked processes
• Accountable Executives - clear, empowered, engaged owners
• Process Design - process flow/RACI, controls/metrics, risks, job aids
• Process Management - process evaluation & improvement
• SLQ - basic sigma, lean, quality tools for evaluation & improvement
• Visual Management – real-time status of team projects & processes
• Quality Circles - local, empowered teams driving PDCA improvement
• Cascading Metrics - linked scorecard of CTQ metrics at all levels
business process hierarchy.

• Critical first step – defines WHAT you are focusing on
• Focus on the “goldilocks” zone - Level 2
• Must have clear “start-stop” statements for boundaries & hand-offs
• Don’t be surprised by significant gaps & overlaps
• Don’t let current organizational constraints be a barrier
• Accountable Executives MUST be engaged in design & management
accountability vs. responsibility.

Delegation of Responsibility

GM

Execs

Managers

Responsibility

Accountability

Reward & Recognition

Capability

Authority

Oversight

Corrective Action
the scorecard.

**Customer**
- Loyalty/Sat: 10-15 pts
- Complaints: 30% lower
- Cycle time: 25% lower

**Quality**
- Errors: 75% lower
- Quality: 99%+ levels
- Improved Audit Ratings

**Economics**
- Efficiency Ratio: 1-1.5%/yr
- Productivity: 15-40% higher
- Market Share Increase

**Talent**
- Engagement: 80%+ levels
- Attrition (Vol): 40-60% lower
- “Best Place to Work”

Required CTQ categories and expected benefits at maturity
requirements of “well-managed.”

**Ongoing Management**
- *Know your:*
  - Intended outcomes
  - Steps to deliver
  - Roles & responsibilities
  - Quality controls
  - Work standards
  - Inherent risks

**Evaluate Performance**
- *Assess your:*
  - Delivered outcomes
  - In-process results
  - Root cause of failures
  - Stakeholder satisfaction
  - Ongoing risks

**Improve Performance**
- *Take action to:*
  - Eliminate gaps
  - Mitigate risks
  - Simplify
  - Drive culture of improvement
removing waste drives simplicity.

- D efects
- O ver-processing
- O ver-production
- M otion
- T ransportation
- W aiting
- I nventory
- T alent

Defeat Dr. Doomtwit!!!
the hurdles.

• One more thing, rather than THE thing

• Short-term orientation

• Accountable Executive biases and incentives
the lessons learned.

• Require top-down sponsorship & engagement

• Simplify the management system

• Know the power of word-choice

• Get everyone engaged
parting shots.

• Challenge yourself to explore the question:
  • If I ONLY focus on customer simplicity, am I missing anything else of true importance?

• Challenge yourself to expand your “excellence” framework:
  • What is the purpose and interplay of Lean, SixSigma, BPM, Balanced Scorecard, Customer Experience, Risk Management, Baldrige, APQC, ISO, etc?

• Challenge yourself to enhance your level of influence:
  • How do I become a better coach, change agent, and influencer of performance excellence?