

Purpose Driven Lean

Lean Transformation Summit 2016

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Nationwide[®]
is on your side





OUR PURPOSE

Let's go to gemba and focus on Guru's closing thoughts:

“START BY CHANGING HOW PEOPLE BEHAVE – WHAT THEY DO” – John Shook

- Old Model: Change Thinking to Change Behavior
- New Model: Change Behavior to Change Thinking

FOCUS ON ECONOMIC VALUE AND BENEFIT REALIZATION

- Measure the baseline Productivity, Quality, and Labor Costs
- Make key metrics visible and embed them into the day-to-day operations

LEAN SUSTAINABILITY REQUIRES A LEAN MANAGEMENT SYSTEM

- Difference between Lean Production and Lean Management
- Accountability and Visuality

Nationwide Lean IT Associate Experience (Video)

TECHNOLOGY AT NATIONWIDE

\$1+
BILLION
ANNUAL IT
SPEND



35,000+
PERSONAL
COMPUTERS



9,000+
IT WORKFORCE

PREDOMINANTLY
IN-HOUSE

10,000+
PHYSICAL & VIRTUAL
SERVERS



~8 PB
IN STORAGE

WHAT IS LEAN IT?

All applications of lean thinking, principles, methods, and tools in the world of information management and technology. **Lean IT** is a new way of leveraging technology to engage people, improve process, and solve problems.



Source: *Lean IT*, Bell and Orzen

WHAT LEAN IT LOOKS LIKE TO US

TRADITIONAL SYSTEMS

Authority

Results focused

Expert “staff” functions

Jump to solutions

Corner office management

Report analysis
(delayed)

LEAN SYSTEMS

Responsibility

Process focused

Expert workers

Root cause problem solving

Go see management

Visual management
(real-time)



Nationwide

Lean IT Journey



OUR BELIEF SYSTEM

We are a **PEOPLE** organization
THE KEY TO OUR SUCCESS



OPERATIONAL EXCELLENCE
is in our **DNA** which means...



A culture of quality, predictable
delivery, and continuous improvement



COMPETITIVE advantage through **PROCESS**



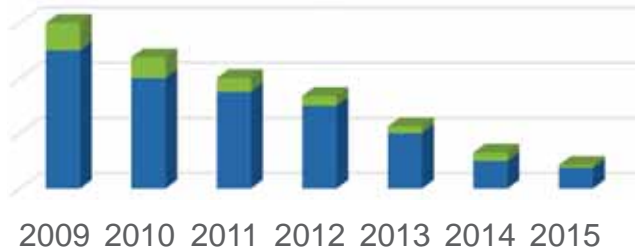
VISUALITY



1. **Draws** people to the Gemba
2. **Everyone** has the same view of current state
3. **Drives** transparency and accountability

REAL RESULTS

Critical and High Defects



Nationwide used lean to massively scale agile software development beginning in 2009. Quality results have been staggering in the years since.

At the same time our **lean journey** has made the way we maintain applications more efficient and effective leading to **massive annual savings.**

\$31M
ANNUAL SAVINGS



LET'S TAKE A WALK AT NATIONWIDE'S HEADQUARTERS IN COLUMBUS...



PRODUCTION SYSTEM

PROJECT AND PROGRAM DELIVERY HELP DESK





LEAN MANAGEMENT SYSTEM

FOUR TIERS FOCUSED ON BUILDING LEAN LEADERS



Tier I Lean Management System (Video)

LEAN MANAGEMENT SYSTEM






Source: *Creating a Lean Culture*, David Mann

PROBLEM!

Points Committed: 27 pts

630562	NW Bank: Data Enhancements 2015 Parent:#630548
Task: Zoot - Adaptive Underwriting Scorecard - Create 20 new fields in Stage.FIRM_OFFER_ANALYTICS table and Stage.PROCESS_COMPLETE_ANALYTICS table	
<input type="checkbox"/> AMIGO <input type="checkbox"/> CODE REVIEW <input type="checkbox"/> SIGNOFF	

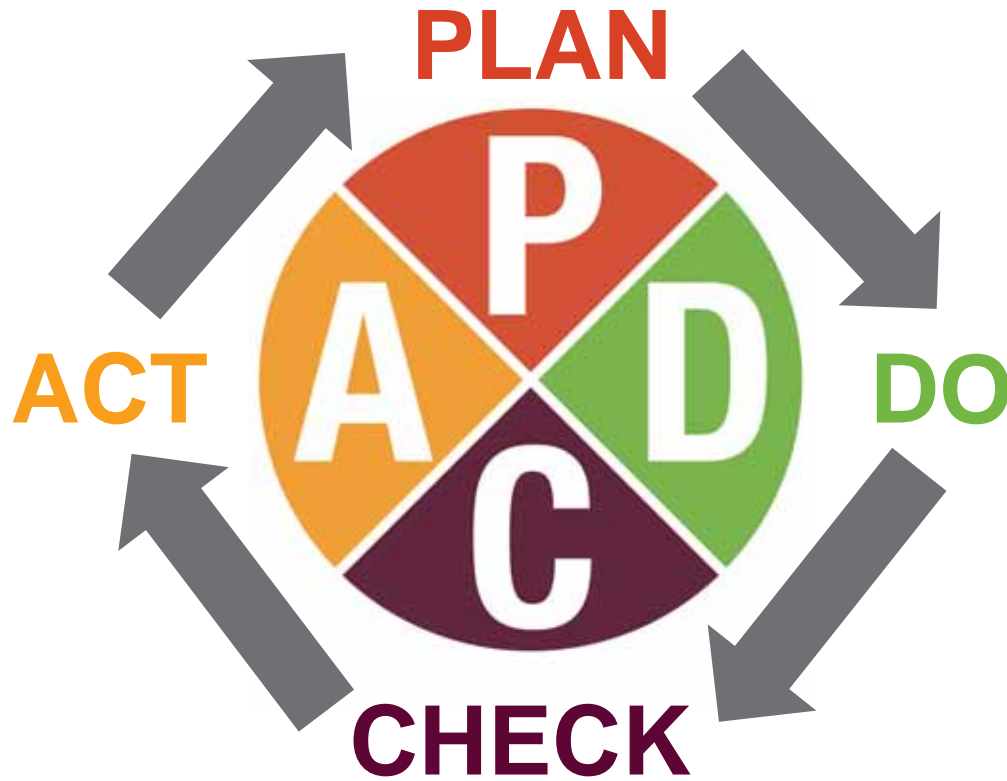


SNEHA

SREEN

Tier II Lean Management System (Video)

LEAN MANAGEMENT SYSTEM



Defects Source Chart Improvement

Author: Chen Jianhua
Production Specialist: MAO Jinchao
Team Members: Aidiqun Sheng, Nian Hong

Goal: Reduce the number of defects caused by defective components.

Background: The number of defects caused by defective components has increased since the production of 1000 units. The defect rate is 0.5%.

Current State: Defective components account for 80% of the total defects.

Analysis:

- The goal of this improvement project is to reduce the number of defects caused by defective components.
- The defect rate is 0.5%.
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Recommendations:

- Defective components: Reduce the number of defective components.
- Defective assembly: Reduce the number of defective assemblies.
- Defective material: Reduce the number of defective materials.

Implementation:

Item	Before	After
Defective components	80%	5%
Defective assembly	10%	5%
Defective material	10%	5%

Follow Up and Monitor Progress:

Productivity Index Data Collection Process Improvement

Author: Chen Jianhua
Production Specialist: MAO Jinchao
Team Members: Aidiqun Sheng, Nian Hong

Goal: Reduce the number of data collection errors for the productivity index data collection process.

Background: The number of data collection errors for the productivity index data collection process has increased since the production of 1000 units. The error rate is 0.5%.

Analysis:

- Data are collected in a timely manner after the production period. The number of errors is reduced to 0.5%.
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Recommendations:

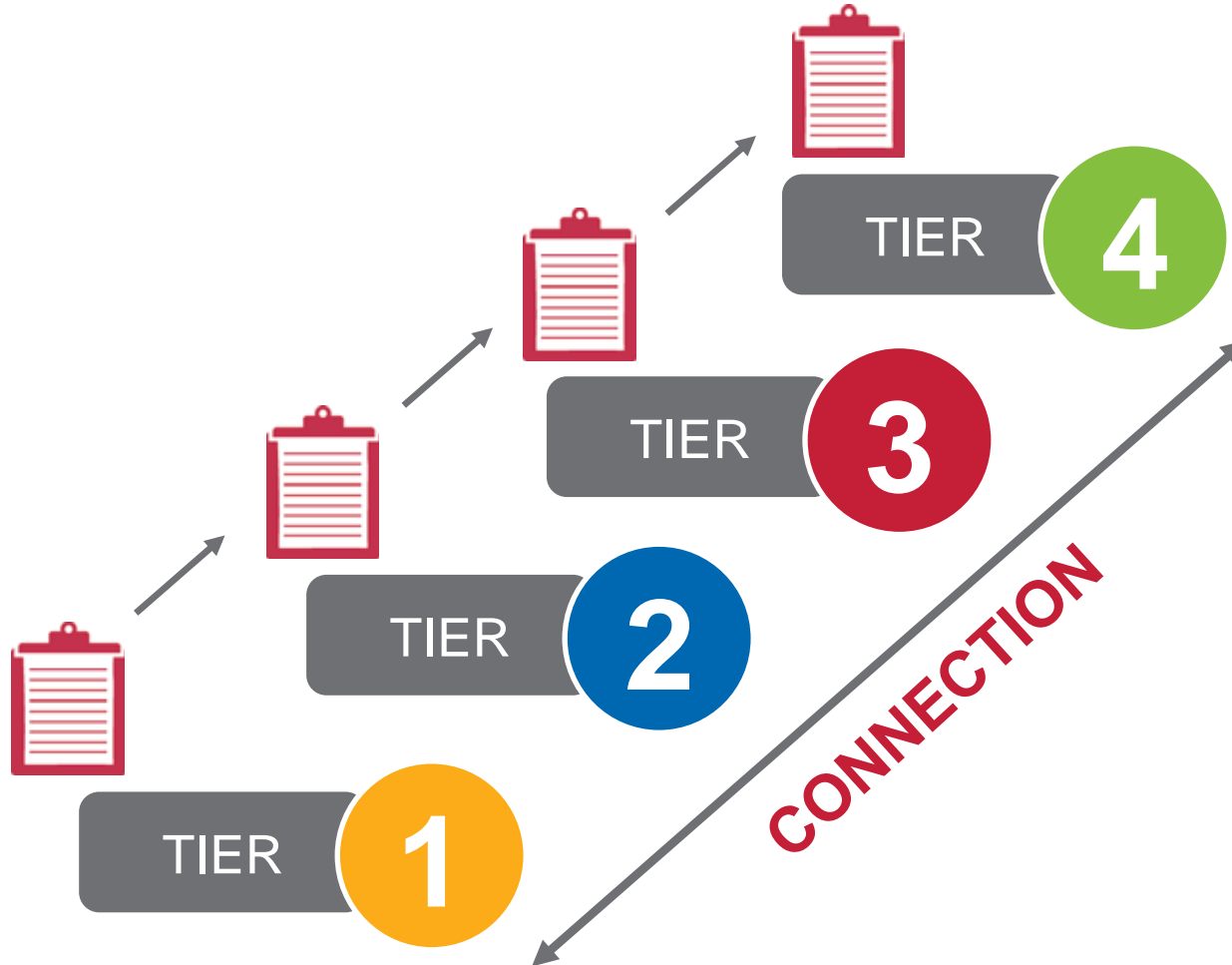
- Reduce the number of data collection errors.
- Reduce the number of data collection errors.
- Reduce the number of data collection errors.

Implementation:

Item	Before	After
Data collection errors	0.5%	0.1%
Data collection errors	0.5%	0.1%
Data collection errors	0.5%	0.1%

Follow Up and Monitor Progress:

ROLLED UP METRICS



PROBLEM!

Nationwide

Artists	PIM: Producer Info Mgmt	Commit Gate B-ale 1	APR 15 (MSO)	APR 22 Full Expenses	APR 29 Commit Revenue	Ability to Deliver content ahead of existing demand within Budgeted Limit
						Ability Challenges
						Bank Requirements
						...with increased demand from July to Oct. Demand from Aug-Oct
						A/ADE Alignment Budget
						A/PDC Alignment Budget
						ULT
						...on budget of ... MAR
						... Demand is low
						Estimates ↑

**in progress;
h/1st**

Bank Requirements

Continues 2) ... **Minimum Demand**
moved from July to Oct.
- NO demand from Aug-Oct

ications

RP	Misc	Momentum	●	APR 15 1st March	APR	●	●	●	●		
RP	Maint	Momentum	●	10 Oct Fes & Billing	JUNE	●	●	●	●	FB will not make June release	Estimates ↑

Tier III Lean Management System (Video)

LEAN MANAGEMENT SYSTEM

**REAL TIME
MANAGEMENT**



**MODELING
BEHAVIORS**



**LEADER
STANDARD WORK**



NATIONWIDE LEADER STANDARD WORK

EXAMPLE- BUILD CAPABILITY

Build Capability Leader Standard Work
Version 2.2

Name Tom Paider Date Sept 10, 2014

Daily (more than once a week)	Intent	How (Optional)
1. Attend my mgmt. standup meeting	Accountability and escalation	At visual boards, follow posted standard work for standups
2. Meet with admin	Alignment and prioritization	In office: review schedule and outstanding action items
3. Review Qualifocus	OTD system	At computer or mobile device
4. One coaching opportunity	Staff Development	Find one coaching opp per day
Weekly	Intent	How (Optional)
1. Meet with Operations Leader	Alignment and prioritization	In office: review standardized items with OL
2. Gemba Walk w/ one area	Go see, ask why, show respect	**Use cadence calendar
3. Book Club	Continuous Learning	Learning Session
4. Attend CTO Standup	Current State, Accountability, Escalation	At CTO visual board
5. Personal Reflection	Personal Improvement	15 minutes – end of week
Bi-Weekly	Intent	How (Optional)
1. Operations Stand Up	FORWARD looking view of operations	At operations visual mgmt. system
2. 1:1 Meetings w/ direct staff	Development and Coaching	Checksheet , Review Std Work
Monthly	Intent	How (Optional)
1. Lean Leadership Team	Enterprise Lean Alignment	Executed by BTO
2. Build Capability Strateav Check	Align priorities with strateav	Review of strategic plan to current

Leader Standard Work applies across Nationwide IT

Formats can vary but the intention remains the same – a focus on value-added work, people development, and process improvement

PROBLEM!

DELIVERY STATUS ROLLUP (NF EA)											
BSA	Program	Line	Next Milestone	Delivery Status	Staffing	Engagement	Predictability	Quality	Test Back	Backlog Health	Demand 3 mos
				Working w/ Jim M (AS) on getting project							Yellow bar
		OCT		10 for reports <u>Delayed</u> Bank Requirements							Green bar
										Green bar	
Stoverium										Green bar	Green bar
California	Plan	On								Yellow bar	Yellow bar
		OCT	CR-10-Board							Green bar	Green bar
										Yellow bar	Yellow bar

Tier IV Lean Management System – C-Suite (Video)



CIO STANDARD WORK REVIEW & TRACKING

Q1-2016												
Jan-2016				Feb-2016				Mar-2016				
WEEKLY												
	week 1	week 2	week 3	week 4	week 1	week 2	week 3	week 4	week 1	week 2	week 3	week 4
Programs & Project Delivery	Green	Green	Green	Green	Green	Green	Red	Green	White	White	White	White
Lead & Manage Change	Green	Green	Green	Green	Green	Green	Green	Green	White	White	White	White
Associate Connections	Red	Red	Green	Green	Green	Green	Green	Green	White	White	White	White
Business Management	Red	Green	Green	Green	Green	Green	Green	Green	White	White	White	White

MONTHLY												
Jan-2016				Feb-2016				Mar-2016				
Help Desk Operations	Green				Green				White			
Coach Direct Reports	Green				Green				White			
Review Delivery Practices	Green				Red				White			
Relationship Management	Green				Green				White			
Contribute to Nationwide IT Strategy	Green				Green				White			

VISUAL MANAGEMENT ROOM



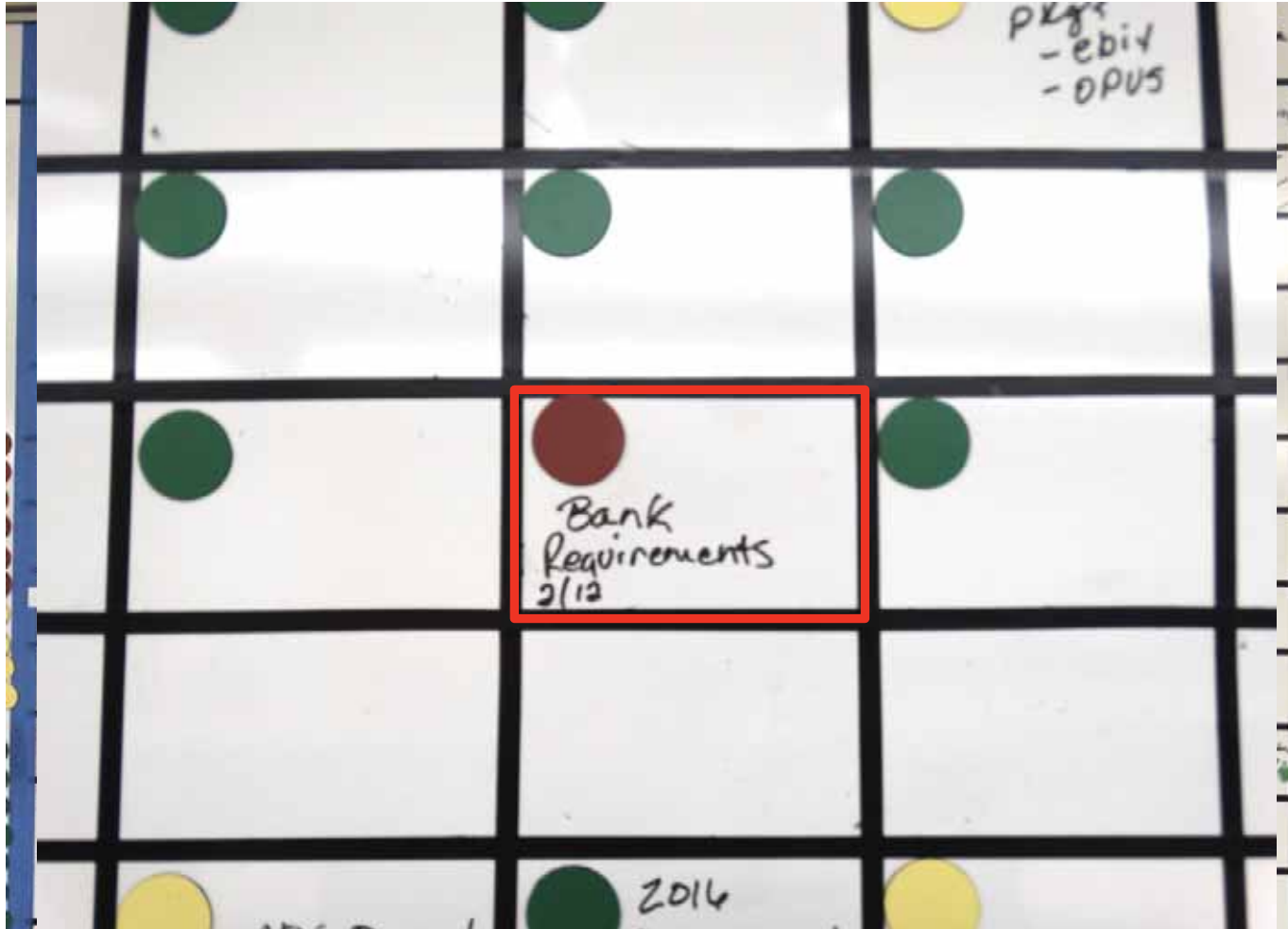
VISUAL MANAGEMENT SYSTEM: PROGRAM & PROJECT DELIVERY

Tier 1 Delivery	Program Status	Program Troika	ECTO Staffing	Cross Boundary Escalation	Tech Risk
Personal Lines Transformation (PLT)	●	●	●	● Add'l Lino 12/18	●
Claims Transformation	●	●	● Test Key 2/4	● DW Quality	●
Commercial Line Transformation Commercial Connecting	●	●	● ITDM # Location #	● Rapid Alignment 3/4	●
Producer Information Management	●	●	● MDM Tech. Exp. 2/7	● 2/23	● Data Virtualization 2/4
Beacon	●	●	● Deposits SS 9/19	●	● FISERV 12/3
Momentum PSG (T2)	● 2/2	●	● ADL - Demand Issue 1/26	●	● Front End 2/2
Direct Growth GSCO (T2)	● 1/26	●	● 1/20	● Plan to Build 1/20	●
One Brand	Still in Planning Stages	● 1/2			
Streamline Operations	Still in Planning Stages				

VISUAL MANAGEMENT SYSTEM: ACCOUNTABILITY BOARD

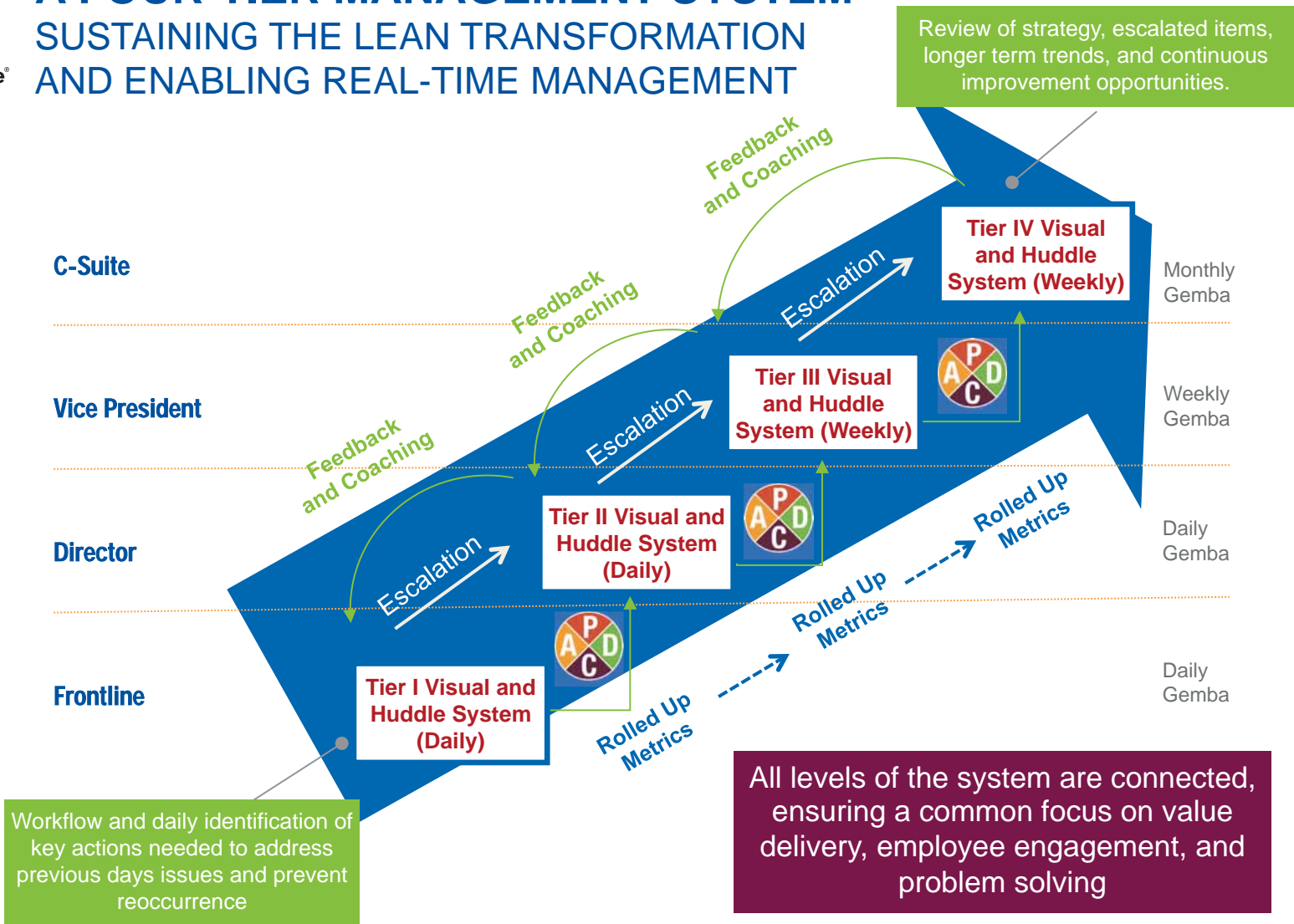
	PEOPLE	Accountability	Process	Timeline
		Backlog		Work in Progress
Michelle				<p>Data Strategy Review Doc</p> <p>SOW Roles</p>
Kevin			<p>New process / tools/ methods</p> <p>IT/IT support design</p>	
Michelle		<p>Auto Mapping Cost Savings for Customers</p>	<p>Lean SCM</p>	
Jim			<p>Data Definitions</p>	
Kim			<p>Contractor in Role by Role</p>	
Michelle			<p>Outgoing IT Transitions</p>	
Michelle			<p>IT/IS Review with Ann - 2025 / 2026 / 2027 / 2028 / ACC</p>	<p>IT/IS Overview</p> <p>IT/IS Support Cost</p> <p>IT/IS Support IT</p>
Michelle			<p>IT/IS Agency Partnering</p>	
John			<p>IT/IS Support for IT</p> <p>IT/IS Support for IT</p> <p>IT/IS Support for IT</p>	<p>IT/IS Support for IT</p> <p>IT/IS Support for IT</p> <p>IT/IS Support for IT</p>
Michelle			<p>Reference Architecture</p>	<p>IT/IS Support for IT</p>
Michelle			<p>Big Data / Data Strategy</p> <p>IT/IS Support for IT</p>	<p>IT/IS Support for IT</p> <p>IT/IS Support for IT</p> <p>IT/IS Support for IT</p>

PROBLEM!



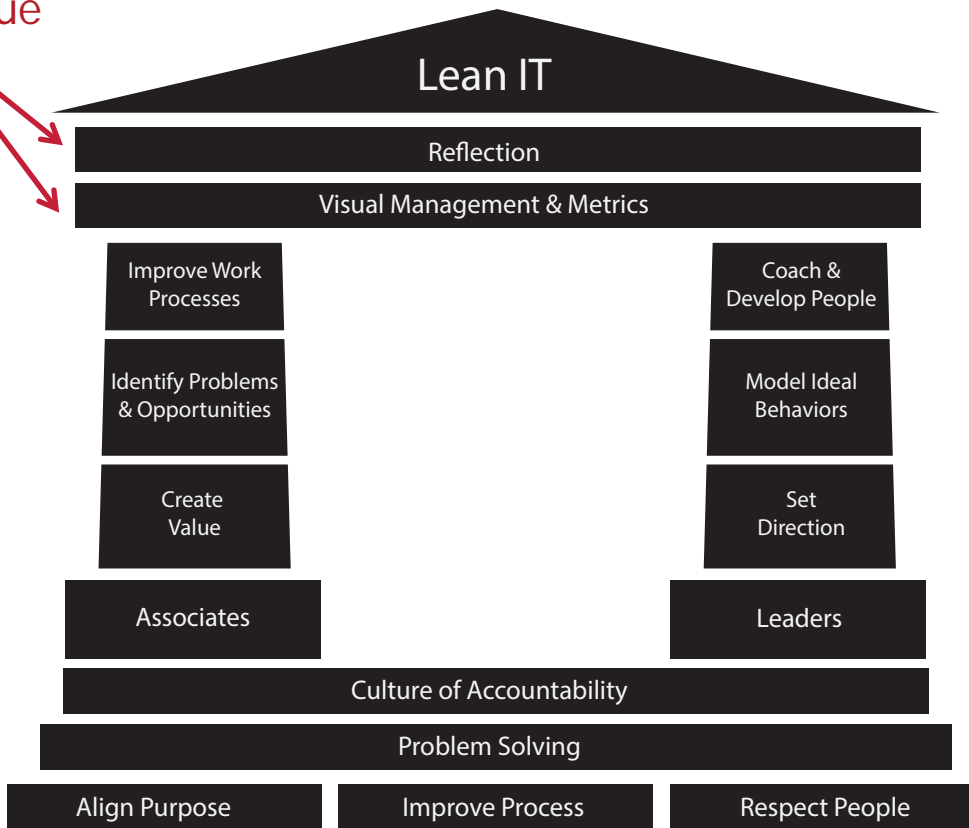


A FOUR-TIER MANAGEMENT SYSTEM SUSTAINING THE LEAN TRANSFORMATION AND ENABLING REAL-TIME MANAGEMENT



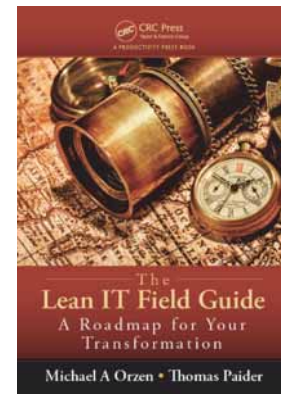
Super Glue

Lean "Production"



Foundational Elements

Lean Management



QUESTIONS?

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