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STAND BACK AND DELIVER

ACCELERATING BUSINESS AGILITY

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PREFACE

The past few years have seen the rapid ascent of technology in the workplace. Enterprise applications have gone from supporting business applications to facilitating customer management, business intelligence, and social networks. Networks have evolved from being closed to the wired Internet to ubiquitous wireless connectivity. Each time technology advances, a corresponding change in business models and opportunities occurs. These changing business models then fuel the need for new technologies.

The pace of this technology/business model innovation is accelerating. In the face of such a dynamic marketplace, it is easy to feel overwhelmed as we sort through all that we must do not just to keep pace, but to get—and stay—ahead of the competition and the changes. We can find ourselves spending our days buried by things to do and tasks to complete, yet still not accomplishing the things that matter most—defining and delivering a sustainable competitive advantage and ensuring that we make real progress every day.

Who Should Read This Book?

If you are in a leadership position—the leader of an organization, the leader of a team, or the leader of a project—this book is intended for you. As you learn about the tools and read stories about how they have been applied to a wide range of situations, think through how you might apply these tools to the situations, issues, and opportunities you face. You can apply these tools immediately in your organization, with your team, and for your project. They are intended to help you unleash the talent that resides in your teams and organizations. The tools will help you figure out where you should focus your time, attention, and resources. In addition, they will help you assess risk and identify ways to manage the complexity and uncertainty of your initiatives. The tools will also help you make decisions based on a variety of inputs—not just estimated costs and benefits. Finally, the tools will help you work through your role as a leader in a dynamic environment and organization, becoming a more effective leader in the process.

Why Stand Back and Deliver?

We chose the title *Stand Back and Deliver* for this book because it concisely points out the key message of the book: You need to involve all the right players in the organization to effectively deliver a sustained competitive advantage. Effectively involving all the key players requires leaders to stand back and let those best suited for a particular initiative or decision come forward and take responsibility for delivering the right solutions. Standing back does not imply abdicating all responsibility, but rather requires leaders to perform a careful balancing act between stepping back to let the right people in the organization do their thing and stepping up to provide steering when the team has strayed off course.

We chose "deliver" as part of the book title because delivery is the ultimate measure of success. Put simply, did the team actually deliver value to the business? No other measure of success is important. It is irrelevant how well the team followed a certain methodology if its results didn't add value to the organization. Because we are pragmatic and focused on value, we see delivery—what you accomplish—as being much more important than methodology—how you got there.

What Influences Our Thinking?

The influences on our thoughts have been many and varied. Here are the major precepts that guide our thinking:

- **The answers are in the organization.** The people who best understand the problems an organization faces and know the best way to solve them are the people who are already part of the organization. They have not solved the problems already because they have not been given the opportunity to do so. Our tools are focused on identifying those answers hidden inside the organization.

- **Pragmatic answers are the best.** We are much more interested in doing what works than doing something just for the sake of doing it. The former tactic often seems much too difficult. We are also interested in doing what works even if it is different from the accepted practices and methods. Common sense is sometimes preferred to common practice.
- **If you don't absolutely need to do something, don't do it.** You can call that attitude "being a slacker"; we prefer to call it "being efficient." Organizations typically have too much to do, so we look for strategies that encourage organizations to get more done by doing less. The key is to focus on the most important tasks and treat the tasks according to the value they create.
- **Do what works best for your situation.** There is no best practice that applies equally well across the board. There will always be approaches that work better in some situations than in others. Always look to understand your situation and select the best approaches. Remember, the answer to all questions is, ultimately, "It depends."
- **We are not offering a silver bullet.** Because of our last stated belief, we cannot in good conscience tell you that there is no best practice and then turn around and say, "Well, except for our tools, which will work *all* the time." If you are looking for a silver bullet in this book, you will be disappointed.
- Finally, and most importantly, **none of these tools will work when people work in isolation.** All of the tools rely on having people with different backgrounds, experiences, and skill sets from across the organization work together to do what is right for the organization.

How We Wrote This Book

The authors of this book are a perfect example of a distributed team: Pollyanna and Niel live in Salt Lake City, Utah; Todd lives in Houston, Texas; and Kent lives in Des Moines, Iowa. We weren't lucky enough to be able to work on the book full time, because we all have "day jobs." As a consequence, we had to find unique ways to make progress on the book when it wasn't our only responsibility and when we couldn't work in the same room at the same time.

To make up for the distributed nature of our writing team, we tried to find as many opportunities as we could to get together for a day or two at a time to discuss the big themes of the book and the objective for writing it. In between those times, each of us took responsibility for a chapter or two, which we would draft and then share with the rest of the team for editing and feedback. Some chapters were easier to write than others. We also found out that we were much more effective when we all met in the same room to discuss issues than when we tried to resolve disagreements via email. Our experiences should come as no surprise to anyone who has ever worked on a distributed team. Email hides so many communication channels that can exacerbate disagreements and hinder collaboration. We worked remote from one another because we had to—but if we had our preference, we would have written the entire book with all of us in the same room.

CHAPTER 1

INTRODUCTION TO KEY PRINCIPLES

In this chapter, we explain what we mean by “stand back and deliver” by first presenting some situations that may seem alarmingly familiar to you. We then cover some of our core concepts and beliefs that underlie the tools we recommend you implement to get your organization going in the right direction.

What Could Go Wrong?

Have you ever done things by the book, but the book was out of print? Such was the case for a large, successful product company. This company had developed what it considered to be a revolutionary new product. With its heavy engineering background, the company did product development by the book—the way it had worked many times before.

Through its research and development activities, the company had discovered that it could use a waste material as the basic raw material for a new product. Imagine the possibilities: Currently the company pays to dispose of this material, but now it could use this “waste material” to make an industrial product. The company did what it had always done. It selected one of its best engineers to sort through the product design and manufacturing options. It set up the engineer with all of the development and testing equipment he would need. It gave the engineer the time and flexibility he needed to design what he thought the market needed.

Within a year, the engineer had perfected a formulation that worked. The resulting product had impressive characteristics. It had high workability and could be formed into various shapes and sizes. The engineer produced small batches of the product that the company used to generate early customer interest. Using these small batches, the company formed several industry joint ventures and alliances. The future looked bright.

The engineer next worked on the manufacturing processes needed to produce the product. In parallel with this effort, the company issued press releases and featured the new product in its annual report: “Coming soon, a revolutionary, green product.” One year later, the engineer announced that his work was done. He documented the product formulation. He described in great detail how to scale the manufacturing process from the small batches he had created to full-scale production. The company built the first of what it planned would be multiple manufacturing plants and hired a plant manager to follow the engineer’s scale-up process. In the meantime, the market waited for the formal product release. The company hired a dedicated sales force to start generating interest in the product. The development engineer was promoted and assigned to a different project.

Five months later, the first manufacturing plant came on line. As the first full-size batches of the product came out of processing and into packaging, problems arose. When subjected to full-sized manufacturing, the product had tiny cracks. In the small batches prepared by the development engineer, there had never been any cracks. In expanding the product batch size by a factor of 10, however, there they were—tiny cracks. At first, no one gave the cracks much thought, because they did not affect the product characteristics or performance. But then the company shipped its first order. As the delivery truck rolled down the road, the cracks propagated throughout the product. By the time the truck arrived at the customer’s facility, some of the product had broken into pieces. After two years of engineering and five months of manufacturing scale-up, the company had a great product, so long as it did not have to ship the product to anyone!

In retrospect, it is easy to identify some of the mistakes this company made. We have spent hours with groups dissecting this true story to learn from—and to not repeat—the mistakes of the past. The development engineer developed the product in isolation and did not think through scale-up issues. The company did not produce any full-sized product samples until after it had built the manufacturing plant and then discovered the propagation of the cracks. It is easy to mock management for the wasted investment.

Before being too critical, however, we should consider this point: If the final product had not developed the tiny cracks that spread during shipping, the product and the process would have been a success. In fact, many times previously, the company had used a similar process and gotten good results. Using what had worked before, those involved in this project were clueless about the risks that lurked in the shadows of their process. What is now obvious to us became obvious to them only after this product failure.

The most important lesson we can draw from this story is that we, too, are brilliant but sometimes clueless. We live in an environment of increasing global competition, an increasing pace of market changes, and a need to develop solutions that are increasingly complex. In this environment, we do not have the luxury of missteps and hidden risks. There is increasing pressure to deliver complex solutions in less time and to get it “right the first time.” If we don’t, we can completely miss our business value goals. The good news is that we can make sure that our brilliance results in things that work. To see how, we continue our story.

What Went Right

With the development engineer assigned to and buried by a new project, it fell to the plant manager to sort out the issues with the propagating cracks. Fortunately, the plant manager recognized that what had worked before had not worked for the new product. Before he plunged into root cause analysis on the cracking problem, he took a huge step back, all the way back to the beginning.

Under pressure to immediately solve the problem, he asked to meet with company management. At the meeting, he asked some fairly basic questions: “How important is this product to the company? Is this a product that will provide us with a competitive advantage in the marketplace?”

His rationale for asking these questions was to get a sense of the purpose of the product. If the product would generate competitive advantage, he and the company would treat the product differently than if it did not.

The plant manager got very clear answers from the management team. This was a product that fit squarely in the company’s strategy. The company’s claim to fame was using recycled, recovered raw materials to produce industrial products. This product was a perfect example of the company’s expertise and creativity.

In that case, the plant manager asked, could he treat this product as what it was—something that would help differentiate the company in the marketplace? Recognizing, in retrospect, the problems with the initial development, the management team gave the plant manager free rein.

The plant manager started by convening the right people. The right people included design engineers, production workers, manufacturing engineers, a sales team, and, in a surprise to everyone, one of the early-adopter customers. To make sure that the team understood all that had happened and all that needed to happen, the plant manager gave a painfully honest review of the development of the product and the issues the company had encountered in moving to full-scale production. After getting the team up to speed, the plant manager asked a gut-wrenching question: “Can we fix the problems or would the company benefit more if we halted production?” This sparked a lively discussion that ranged from necessary changes to the product development process to the humiliation of now shutting down the product line.

The plant manager let this "airing" continue for some time but then refocused the discussion on his question: "Let me ask my question another way: What made this product so critical to us when we launched the initiative?" The answers again ranged from the product's revenue potential to the commitments that had been made. The plant manager then asked a more generic question: "How do we differentiate ourselves in the marketplace?" The company had developed proprietary ways to use recycled products to make new materials. This capability had propelled the company to market-leader status. An engineer asked, "Why does that matter?" The plant manager responded, "It seems to me that if we can solve the issues, this product aligns perfectly with what makes our company unique. With this product, we have once again taken a waste material and produced something of value. For that reason, it seems we should do our best to fix the problems and get this product to market. This product exemplifies what we do. If you agree, let's move onto how we can approach the product. Ignore how we have developed the product to date. As a strategic initiative, what should we do?"

The team then sorted through the specific product features that made the product different. Only one was apparent—the use of waste material to make a usable product. With that as the principal requirement of the product, the team identified design options that could either eliminate or mitigate the full-scale production issues. Would a different form factor reduce the cracking? Or was changing the manufacturing process the only option? As the team discussed these alternatives, they associated complexity and uncertainty with each alternative. In terms of uncertainty, was there a specific market need that their product could meet? With what certainty did they understand these needs? Which form factor would the market accept, and did they know which forms were acceptable? How much did they know about the reactions taking place in the manufacturing process? How well could they link cause and effect? In terms of complexity, which options did they have to simplify the process? How could they simplify the product?

After the team mapped out the options and associated information, the plant manager asked the team which decisions they needed to make now, which decisions they could delay, and what they needed to know prior to making the decisions. All of this information was combined to provide a logical, rational approach for making the product go/kill decision and, if possible, fixing the product problems.

For example, the team could delay the go/kill decision until after the members had determined whether there was a form factor the market was dying to have. Likewise, the team could delay research into the cause of the large-batch cracking if the market would accept form factors that could be made with small batch sizes. To explore these issues further, the team members signed up for the assignments that best matched their interests and capabilities.

Over the next few weeks, the team worked through the assignments and options. Based on the work of the sales team and the early-adopter customer, the team revised the form factor. The new form factor actually met a previously unknown—at least to the company—market need. Revising the form factor enabled the company to manufacture the product in the small batch sizes it could produce without cracks. Taking this approach let the company retain most of its current investment in the manufacturing plant; it just needed to redesign its consumable molds. The team members took a more measured approach by eliminating uncertainty and complexity at each step of the process. They solved the problems they could when they could and postponed work on the most uncertain and complex issues.

Because the product was not “right the first time,” the expected revenue was delayed. Also, because of the initial problems, the revenue stream grew more slowly than projected. Nevertheless, the company learned the value of the foundation tools of agile leadership.

Why Do We Do This to Ourselves?

We were all sitting around one afternoon talking about this story. Each of us found ourselves identifying a different aspect of the story that we thought was the cause of all the travails of the organization.

We identified the initial failure of the organization to properly align its approach to the project with its true strategic nature.

We also determined that, initially, the organization did not properly lead collaboration; in fact, it did not initially have any collaboration on this particular project.

We found that the organization chose the wrong approach for the project, tackling a very complex project filled with uncertainty with a process more suited for a low-complexity and low-uncertainty project. It also assigned a leader who did not recognize the uncertainties and the complexities.

We realized that the organization did not gather all of the information it needed to make proper decisions about how to market the product and in which markets to sell the product. We also identified several cases where the company made commitments earlier than it needed to, especially with potential customers and industry partners.

As we talked about this case more, we realized that there was no *one* cause for the project's initial problems, but rather several contributing factors. When we discussed the various tools we would have used to help the company, we realized that while each tool was powerful in its own right, when put together the entire toolset could really help an organization succeed.

A Framework of Effective Tools

What are the tools we would use to address the situation described earlier in this chapter? Through our experiences and sharing stories, we found that a collection of tools apply to how organizations approach their work, especially work that involves change and innovation; when used in moderation and in conjunction with each other, these tools can have a dramatic impact on the success of the organization. We drew the "napkin drawing" shown in Figure 1.1 to capture our thoughts, and we chose to organize this book around four main applications of those tools.

Purpose

The Purpose Alignment Model, described in Chapter 2, generates immediately usable decision filters that leaders and teams can use to improve design. This tool evaluates business activities and options in terms of their capability to differentiate an organization's products and services in the marketplace and their mission criticality. This tool helps teams identify areas to focus their creativity and those activities and features for which "good enough" is good enough. This approach lowers direct and opportunity costs and accelerates market leadership. This simple, yet powerful, concept recognizes that not all activities should be treated in the same way. Some activities will help the organization win in the marketplace; others will help keep it in the game. We risk under- and over-investing in activities if we treat all of them as if they were identical.

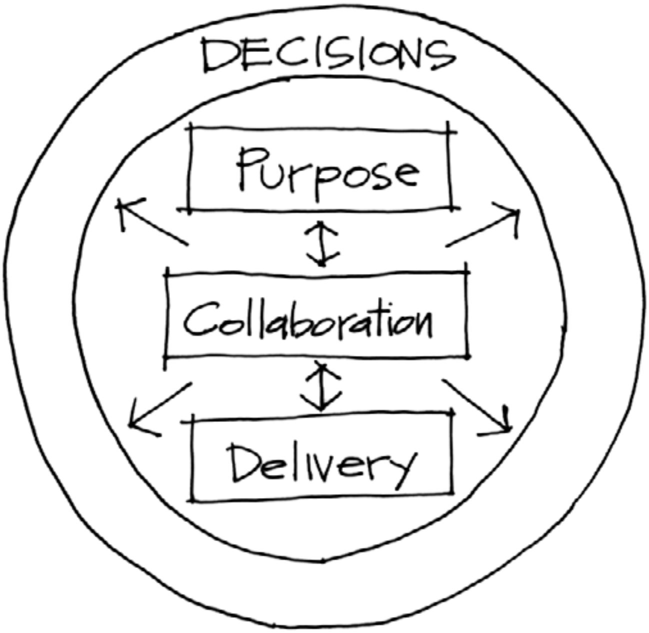

FIGURE 1.1 Leadership tools for use in today's complex marketplace

Here are the big ideas of Chapter 2:

- Aligning on process purpose is a smart, simple way to improve decision making.
- Designing our work around process purpose helps us quickly identify how to achieve optimal business value.
- Strategic decision filters can be cascaded throughout the organization to dramatically improve organizational alignment.

Collaboration

As the proverb states, "No one of us is as smart as all of us." The proper use of the tools described in this book is dependent on a culture of collaboration. In the story presented earlier in this chapter, when a single person developed a product, it took more than two years to produce something that did not work. When a leader considered purpose, business value, uncertainty, and complexity in a culture of collaboration, the team made better decisions and started to generate results. Developing collaboration skills and capabilities is essential in today's dynamic marketplace. Sustainable innovation comes through collaboration. Sustainable innovation is a prerequisite to change from market follower to market leader. Today, it hinges on collaboration.

Here are the big ideas of Chapter 3:

- To develop a sustainable competitive advantage, unleash the talent in your organization to deliver innovative ideas to the marketplace and to improve the throughput and productivity in your organizations.
- The answers are in your organization.

Delivery

Delivery is the ultimate measure of success. Any experienced leader knows that all projects are not created equal and no single approach is applicable to every project. The tool described in Chapter 4 provides a practical model for evaluating uncertainty and complexity as well as guidance for tailoring an appropriate leadership approach. The characterization of uncertainty and complexity also correlates to project risk, and we provide a roadmap for potentially reducing risk. For example, it is possible to break projects that are both highly complex and uncertain into components with lower uncertainty and risk. This process reduces the overall project risk. An understanding of complexity and risk also allows leadership to match the skills of project leaders to the needs of the project.

Here are the big ideas of Chapter 4:

- By understanding the uncertainty and complexity characteristics of your projects, you can identify better ways to lead those projects.
- High complexity or uncertainty correlates to higher risk. Reduce these factors, and you reduce your level of risk. Project decomposition can reduce complexity, while incremental delivery helps lead a project through uncertainty.
- Some leaders are natural managers of complexity, while others are experts at uncertainty. Match leadership styles to project characteristics, and develop leaders' skills to broaden their capabilities.

Decisions

The tools we describe in this book will help you to make the key decisions you face on a regular basis, but we felt it important to discuss the actual approach to decision making. Knowing when to make your decisions and which information you need to make those decisions is very important. Chapter 5 introduces the value model tool, which provides a structure for organizing information—such as purpose, considerations, costs, and benefits—that you can use to aid your decision making.

Here are the big ideas of Chapter 5:

- Business decisions focus on delivering value to the organization and to the marketplace. Life is much better if everyone in the organization understands what generates value and makes decisions that improve value.
- You can develop a value model that helps you make better decisions, but this model is not just a calculation that generates a numerical value. Instead, it is a conversation that you should revisit often, especially when conditions change.

The Leadership Tipping Point

While we describe each tool on its own and provide plenty of examples of when those tools are useful, we knew this treatment would not be complete without describing how you can put our tools to work as a leader, addressing the issues of how and when to step back and how and when to step up without rescuing your teams. This is the big idea of Chapter 6, which we call the leadership "tipping point."

Leaders can stifle progress when they interfere with team processes. At the same time, as a leader, you don't want to go over the cliff and deliver the wrong results. Sometimes leaders should stand back and let the team work—and sometimes leaders should step up and lead. In Chapter 6, we discuss how you can decide which situation you face.

Summary

This chapter introduced the issues involved in involving the right players in your organization to gain a competitive advantage. It also introduced the framework of concepts and tools for doing so.

INDEX

A

acquisition example (value model inputs), 99
additional information needs in decision making, 104-105
agile conference planning example (decision making), 115-117
alignment of purpose. *See* Purpose Alignment Model
analytics, as differentiating activities, 30
Apple iPhone example (customer expectations), 104
architecture company example
  collaboration, 39
  leadership tipping point, 124-133
  motivation, 140
asking questions as leader, 60, 139
autonomy, 49

B

Bennis, Warren, 47
Berra, Yogi, 76
Boeing 777 example (team assembly for collaboration), 49-50
Bohr, Niels, 76
bull projects (context leadership model), 71-72
  leadership development, 89-92
  software product development example, 87-89
  splitting into subprojects, 80-84
business strategy. *See* purpose

C

change, approach to, evaluating project uncertainty, 76
change example (leadership tool starting points), 136
changes versus growth, architecture company example, 126-127
collaboration, 7-8, 39-43, 145-146
  architecture company example, 125-131
  implementing, 63-65
  leading, 53-63
    asking questions, 60
    failure, learning from, 61
    focus, maintaining, 60-61
    measurement based on results, 61-62
    organizational direction, 58
    standing back, 58-60
    team assembly, 53-56
    trust, importance of, 56-57
    unprofessional behavior, ignoring, 62-63
  model selection, 135
  pain points, determining, 134

collaboration, *continued*
  productivity problems example, 136
  steps in, 43-44, 146
    idea stimulation, 50-52
    open environment, creating, 44-49
    team assembly, 49-50
  when to use, 145
Collins, Jim, 54
colt projects (Context Leadership Model), 70
  leadership development, 89-92
communication, 48-49
complexity
  bull projects (Context Leadership Model), 71-72
  change example, 136
  cow projects (Context Leadership Model), 71
  evaluating, 8, 72-74, 92-93, 146-150
  how to analyze, 148-150
  Landmark Graphics software integration example, 76-79
  leadership development, 89-92
  productivity problems example, 136
  as project characteristic, 69
  risk reduction, 83-86
  scope creep example, 136
  software product development example, 87-89
  Swiss stock exchange example, 80-84
  when to analyze, 147
  Y2K software example, 79-80
compliance plan example (additional information in decision making), 104-105
considerations, as value model input, 101-105
  additional information needs, 104-105
  customer expectations, 104
  market uncertainty, 102
  market windows, 101-102
  political considerations, 105
  in portfolio management, 119-120
  product team knowledge, 103
  rejection of project idea, 103
  risk reduction, 104
Context Leadership Model, 68-72, 93-94
  bull projects, 71-72
  colt projects, 70
  cow projects, 71
  sheepdog projects, 70
convening right people, 134
conversations, in decision making, 106-108
  "should we continue doing this?", 107-108
  "what do we do?", 107
  "when do we do it?", 107
cost leadership, 20
cost-benefit analysis
  in portfolio management, 120
  as value model input, 105-106
  value model versus, 94-98
cow projects (Context Leadership Model), 71
  leadership development, 89-92
credit card payments example (handling exceptions), 30-32
credit models in ERP system example (project level purpose), 28-29
criticality, evaluating project complexity, 73
culture of trust, 44-45
customer expectations
  in decision making, 104
  in portfolio management, 120

customer retention example (decision making), 112-114
customers, number of, evaluating project uncertainty, 76

D

data warehouse example (iterative delivery), 112
decision filters
  strategy as, 18-19
  validating, 20
decision making, 9
  agile conference planning example, 115-117
  architecture company example, 132
  change example, 136
  conversations in, 106-108
    "should we continue doing this?", 107-108
    "what do we do?", 107
    "when do we do it?", 107
  customer retention example, 112-114
  defining differentiating activities, 21-24
  delaying decisions, 108-109
  iterative delivery, 110-112
  portfolio management, 117-121
  at project level, 24-29
  responsibility for, 50-51
  value model, 151-152
    cost-benefit analysis versus, 94-98
    how to use, 152
    inputs for, 98-106
    when to use, 152
defining differentiating activities, 21-24
delaying decisions, 107, 108-109
delivery, 8
  Context Leadership Model, 68-72, 93-94
    bull projects, 71-72
    colt projects, 70
    cow projects, 71
    sheepdog projects, 70
  Landmark Graphics software integration example, 76-79
  leadership development, 89-92
  as measure of success, 8
  portfolio of projects, assessing, 92-93
  product life cycle, 86-87
  risk reduction, 83-86
  software product development example, 87-89
  Swiss stock exchange example, 66-68, 80-84
  uncertainty and complexity, evaluating, 72-76, 146-150
  Y2K software example, 79-80
dependencies, evaluating project complexity, 74
differentiating activities
  analytics as, 30
  characteristics of, 18
  in decision making, 100-101
  defining, 21-24
  Purpose Alignment Model, 16
  strategy as decision filter, 18-19
  validating decision filters, 20
dollar store example (defining differentiating activities), 22
domain knowledge, evaluating project complexity, 74
dysfunctional behavior, ignoring, 62-63

E

electronic medical record (EMR) system example (delaying decisions), 109
electronic stock exchange example (removing fear), 45-46
employees, hiring, qualities to look for, 55-56
EMR (electronic medical record) system example (delaying decisions), 109
ERP project example (lack of purpose), 9-14
  Purpose Alignment Model applied to, 18
exceptions, handling, 30-32
expectations of customers
  in decision making, 104
  in portfolio management, 120

F

failure, learning from, 61
fast-food chain example (defining differentiating activities), 23
fear, removing, 45-47
Five Questions analysis, 24
focus, maintaining, 60-61

G

gap analysis, 30, 119
  scope creep example, 135
government agency example (portfolio management), 118
growth versus changes, architecture company example, 126-127

H

hardware warranty example (risk reduction), 104
health services company example (rejection of project idea), 103
hiring employees, qualities to look for, 55-56
Hock, Dee, 55

I

idea stimulation in collaboration, 50-52
  collaboration process, 51-52
  responsibility for decision making, 50-51
  usage examples, 52
ignoring unprofessional behavior, 62-63
implementing collaboration, 63-65
industrial equipment manufacturer example
  defining differentiating activities, 23
  rejection of project idea, 103
information needs in decision making, 104-105
infrastructure projects example (portfolio management), 118
integration example (delivery), 76-79
iPhone example (customer expectations), 104
IT infrastructure upgrade example (product team knowledge), 103
iterative delivery, 89, 110-112

J

Johnsonville Foods example (responsibility), 50

K

knowledge of product team in decision making, 103
Kohn, Alfie, 140

L

Landmark Graphics software integration example (delivery), 76-79
leaders, skill areas for, 90
leadership development, 89-92
leadership tipping point, 9, 121
  architecture company example, 124-133
  stepping back, 58-60, 121-123, 137-138
    case study, 137-138
    red flags, 140
  stepping up
    asking questions, 139
    how and when to step up, 138
    motivation, 140
    red flags, 140
leadership tools, 6-7
  collaboration, 7-8, 39-43, 145-146
    architecture company example (leadership tipping point), 125-131
    idea stimulation in, 50-52
    implementing, 63-65
    leading, 53-63
    open environment, creating, 44-49
    steps in, 43-44, 146
    team assembly, 49-50
    when to use, 145
  decision making, 9
    agile conference planning example, 115-117
    architecture company example, 132
    conversations in, 106-108
    customer retention example, 112-114
    delaying decisions, 108-109
    iterative delivery, 110-112
    portfolio management, 117-121
    value model inputs, 98-106
    value model versus cost-benefit analysis, 94-98
    value-based decision making, 151-152
  delivery, 8
    Context Leadership Model, 68-72, 93-94
    Landmark Graphics software integration example, 76-79
    leadership development, 89-92
    as measure of success, 8
    portfolio of projects, assessing, 92-93
    product life cycle, 86-87
    risk reduction, 83-86
    software product development example, 87-89
    Swiss stock exchange example, 66-68, 80-84
    uncertainty and complexity, evaluating, 72-76, 146-150
    Y2K software example, 79-80
  purpose, 6-7, 141-145. *See also* Purpose Alignment Model
    ERP project example (lack of purpose), 9-14
  starting points for usage, 133-135
    change example, 136
    productivity problems example (leadership tool starting points), 136
    scope creep example, 135-136

leading collaboration, 53-63. *See also* collaboration; leadership tipping point
  asking questions, 60
  failure, learning from, 61
  focus, maintaining, 60-61
  measurement based on results, 61-62
  organizational direction, 58
  standing back, 58-60
  team assembly, 53-56
  trust, importance of, 56-57
  unprofessional behavior, ignoring, 62-63
learning from failure, 61
lessons learned, Purpose Alignment Model, 29-32
library collaboration example (ignoring unprofessional behavior), 62
Lifebrands case study (Purpose Alignment Model implementation), 34-39
Lunar Module example (ownership of problem-solving), 139

M

manufacturing line example (value model inputs), 100
market uncertainty
  in decision making, 102
  evaluating project uncertainty, 75
market windows, meeting, 101-102
measurements based on results, 61-62
mission-critical nature of parity activities, 29
mistakes, learning from, 61
motivation, elements of, 140

N

non-profit volunteer example (team assembly), 53-54

O

open environment
  characteristics of, 44, 63-64
    autonomy, 49
    communication, 48-49
    culture of trust, 44-45
    removing fear, 45-47
    transparency, 47
  creating, 44-49
organizational direction in leading collaboration, 58
ownership of problem-solving, 139

P

pain points, determining, 134
parity activities
  mission-critical nature of, 29
  Purpose Alignment Model, 16-17
partnering activities, Purpose Alignment Model, 17
passion of team members, 54-55
payroll processing example (Purpose Alignment Model implementation), 33-34
personal filters, 54-55
political considerations in decision making, 105
portfolio management
  uncertainty and complexity, evaluating, 92-93
  value model of decision making, 117-121

pricing engine example (project level purpose), 25-27
prioritizing in collaboration process, 51-52
problem-solving, ownership of, 139
process purpose. *See* purpose
product development example
  causes for failure, 5-6
  correcting problems, 3-5
  failure in, -3
product leadership, 20
product life cycle, 86-87
product team knowledge in decision making, 103
productivity problems example (leadership tool starting points), 136. *See also* architecture company example
project duration, evaluating project uncertainty, 76
project level, Purpose Alignment Model at, 24-29
projects
  characteristics of, 68-72
    bull projects, 71-72
    colt projects, 70
    cow projects, 71
    sheepdog projects, 70
  splitting into subprojects, 80-84
  stopping, 107-108
  uncertainty and complexity, evaluating, 72-76
purpose, 6-7, 141-145. *See also* Purpose Alignment Model
  defined, 29
  ERP project example (lack of purpose), 9-14
  in portfolio management, 118-119
  as value model input, 99-101
Purpose Alignment Model, 14-18, 141-145
  applied to ERP project example (lack of purpose), 18
  architecture company example, 126-129
  change example, 136
  defining differentiating activities, 21-24
  differentiating activities, 16
  how to use, 144-145
  lessons learned, 29-32
  Lifebrands case study (implementation), 34-39
  parity activities, 16-17
  partnering activities, 17
  payroll processing example (implementation), 33-34
  productivity problems example, 136
  at project level, 24-29
  scope creep example, 135
  strategy as decision filter, 18-19
  validating decision filters, 20
  when to use, 144
  “who cares” activities, 17

Q

questions, asking, as leader, 60, 139

R

red flags for stepping up/standing back, 140
rejection of project idea in decision making, 103
responsibility for decision making, 50-51

results, measurement based on, 61-62
right people, convening, 134
risk reduction, 8, 83-86, 104

S

Sarbanes-Oxley Act (SOX) compliance plan example (additional information in decision making), 104-105
scope creep example (leadership tool starting points), 135-136
Semco example (transparency), 47
Semler, Ricardo, 47, 124
senior project leader candidate example (communication), 48
The Seven-Day Weekend (Semler), 47, 124
sheepdog projects (Context Leadership Model), 70
  leadership development, 89-92
"should we continue doing this?" (decision-making conversation), 107-108
skill areas for leaders, 90
social network example (value model inputs), 99
software development example
  delivery, 87-89
  project level purpose, 27-28
software integration example (delivery), 76-79
software Y2K readiness example (delivery), 79-80
SOX (Sarbanes-Oxley Act) compliance plan example (additional information in decision making), 104-105
space vehicle hinges example ("what do we do?" conversation), 107
specialty store example (defining differentiating activities), 22
split payments example (handling exceptions), 30-32
starting points for leadership tool usage, 133-135
  change example, 136
  productivity problems example, 136
  scope creep example, 135-136
Stayer, Ralph, 50
stepping back (leadership tipping point), 58-60, 121-123, 137-138
  case study, 137-138
  red flags, 140
stepping up (leadership tipping point)
  asking questions, 139
  how and when to step up, 138
  motivation, 140
  red flags, 140
sticky notes in collaboration process, 51-52
stock exchange example. *See* Swiss stock exchange example
stopping projects, 107-108
strategic intent, cost leadership versus product leadership, 20
strategy
  as decision filter, 18-19
  defining differentiating activities, 21-24
supply chain management example (defining differentiating activities), 21
sustainable competitive advantage. *See* strategy

Swiss power plant control system consulting example (building trust), 56-57
Swiss stock exchange example
  delivery, 66-68, 80-84
  leadership tipping point, 141
  removing fear, 45-46
SWOT analysis, 24

T

team assembly for collaboration, 49-50, 53-56
  qualities to look for, 55-56
team location, evaluating project complexity, 73-74
team maturity, evaluating project complexity, 74
team size, evaluating project complexity, 72-73
teamwork. *See* collaboration
technical uncertainty, evaluating project uncertainty, 75
telephone system example (cost-benefit analysis), 105
tools. *See* leadership tools
transparency, fostering, 47
trust
  culture of, 44-45
  in leading collaboration, 56-57

U

Ukrainian sales example (decision making), 96-97
uncertainty
  bull projects (Context Leadership Model), 71-72
  change example, 136
  colt projects (Context Leadership Model), 70
  evaluating, 8, 74-76, 92-93, 146-150
  how to analyze, 148-150
  Landmark Graphics software integration example, 76-79
  leadership development, 89-92
  productivity problems example, 136
  as project characteristic, 69
  risk reduction, 83-86
  scope creep example, 136
  software product development example, 87-89
  Swiss stock exchange example, 80-84
  when to analyze, 147
  Y2K software example, 79-80
unprofessional behavior, ignoring, 62-63

V

validating decision filters, 20
value model, 9, 151-152. *See also* decision making
  change example, 136
  cost-benefit analysis versus, 94-98
  how to use, 152
  inputs for, 98-106
    considerations, 101-105
    cost-benefit analysis, 105-106
    purpose, 99-101
  portfolio management, 117-121
  revising with iterative delivery, 110-112
  when to use, 152
values, importance in hiring decisions, 55-56
volunteer example (team assembly), 53-54

W

warehouse management system example (decision making), 94-96
“what do we do?” (decision-making conversation), 107
“when do we do it?” (decision-making conversation), 107
“who cares” activities, Purpose Alignment Model, 17

Y

Y2K software example (delivery), 79-80