

The simple act of using graphic representation to see how a business works, naturally leads employees to more personal involvement, better communication, cooperation, and coordination of effort.

The People, Process, & Projects book provides the backdrop for the Visual System of Work Tools, describing the environmental factors within a business that can help these tools to improve a business.

Stabilize (control), Sustain (maintain), and Scale (grow) your business.

- > Alignment
- > Transparency
- > Accountability
- > People: Involved, Satisfied Employees
- > Processes: Focused Continuous Improvement
- > Projects: Faster Completion

"Nothing of significance was ever achieved by an individual acting alone. Look below the surface and you will find that all seemingly solo acts are really team efforts."

— John C. Maxwell, *Teamwork 101*

David T. Lord is a business consultant, coach and facilitator helping businesses of all types and sizes to identify the processes needing improvement, then, showing how to make the improvements a reality. He does this particularly through visual management to enhance communication and accelerate project completion. He developed the VSOW method and tools, which show companies how to develop business cultures that continuously improve while being committed to employees and customers. Since 1993 David T. Lord Consulting has helped over 125 companies make their businesses work better, earn more money and generate more cash.

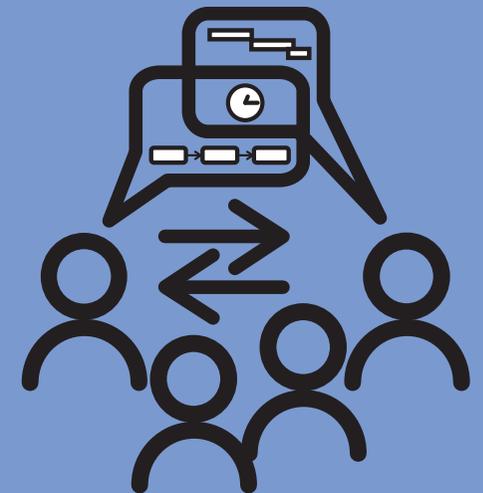


Mitch Sayers is a Germany-based international business consultant, engineer, pastor, graphic designer and facilitator working with businesses and refining the VSOW tools to drive toward improving their throughput and profitability. Mitch has worked in automotive engineering, manufacturing and advanced development as well as field engineering and sales in LED lighting technology. Mitch holds several lighting patents, has managed engineering teams, conducted online training programs and held international technology presentations.



People Process & Projects

Leverage the 3Ps to
Stabilize, Sustain and Scale
Your Business



**By David T. Lord and
E. Mitchell Sayers, III**

Foreword by: Linda Hogan
Learning Advisor and Grants Manager at Rolls-Royce
Afterword by: Joe Hart
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People, Processes, and Projects

**Leverage the 3Ps to
Stabilize, Sustain, and Scale
Your Business**



People, Processes, and Projects

*Leverage the 3Ps to Stabilize, Sustain,
and Scale Your Business*

First Edition

By David T. Lord and E. Mitchell Sayers, III



People, Processes, and Projects

Leverage the 3Ps to Stabilize, Sustain, and Scale Your Business

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First Edition

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“A man only learns in two ways, one by reading, and the other by association with smarter people.”

— Will Rogers, an American stage and film actor, vaudeville performer, cowboy, humorist, newspaper columnist, and social commentator from Oklahoma

Book Dedication

We dedicate this book to all our teachers and mentors. We are amazed at how you have shown up at certain times in our lives to support our personal and professional growth. You have provided knowledge, motivation, advice, counsel, and encouragement when we needed them most. The lessons learned from your experiences and stories have guided our careers to where we are now. You, our mentors, have added incredible value by helping us develop leadership and management skills as well as insight into working relationships. You have fortified our confidence and helped us clarify goals. Thank you for being our experienced and trusted advisers.

David T. Lord, E. Mitchell Sayers, III

May 11, 2021

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FOREWORD

I met David Lord on a plane in 1993. I was directing training at Johnson Controls and traveling from Detroit to Philadelphia. I opened my computer and the man next to me asked, “ what are you working on?”

“I’m preparing to meet a group of 40 plant managers for the first time,” I told him. “I’m going to share the results of a learning needs assessment.” My seatmate looked at his watch. “We have 2 hours and 40 minutes,” he said. “Let’s get to work!”

And that’s exactly what we did. And as we worked, my report became more clear, and better organized. I was thinking - Hey this is going great!

When the man told me his name - David Lord. I thought, “this really is one of God’s messengers.”

Soon, David was helping transform our business through visual management that made it possible for everyone to see the progress of our projects. It was now easy to know what needed to be done, who needed to do it, and when it would be done. Having fast and accurate access to information increased our effectiveness and garnered respect from the company’s leaders.

David’s first book, *The Visual System of Work: Help Your Business Work Better, Make Money, and Generate Cash: A 90 Day Implementation Guide* demonstrated how to use a Visual System of Work method and tools to improve any business.

In his book, *The Visual System of Work Toolkit*, David has made using visual systems even easier by giving us the exact tools we need to get each job done right. This book explains in detail what each tool is, what it does, and when and how to use it. Inside these pages, you will find everything you need to know to make your organization a visual workplace that works better, makes more money, and generates more cash.

This book, *People, Processes, and Projects - Leverage the 3Ps to Stabilize, Sustain and Scale Your Business*, sets the scene for the tools by giving them context in what he terms as “domains” – relative to environment, time and resources. This allows the readers to more readily imagine the VSOW tools

in action in their own business by overlaying their own business into these domains and orienting themselves to get started. With this approach, the “3P’s” book answers questions received from readers of the VSOW Toolkit book.

*Best Regards,
Linda M. Hogan
Executive Director
Linda M Hogan Consulting
April 11, 2021*

Linda M Hogan Consulting is a learning and Performance Improvement leader with extensive experience in global Fortune 100 manufacturing companies. Partners with leaders to identify strategic needs, analyze reasons for gaps and implement solutions. Achieves measurable results. Obtained and project managed workforce development grants. Linda provides Educational Consulting, Business Consulting, Life Coaching, Leadership Development, Change Management, Corporate Training



Publications:

Hogan, Linda M. (2005) *Teaming for Strategic Learning and Performance Improvement*, Performance Improvement, Silver Spring, Md., International Society for Performance Improvement.

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“We become what we behold. We shape our tools, and thereafter our tools shape us.”

— **Marshall McLuhan, Canadian philosopher, shaper of the study of media theory**

Chapter

In

Introduction- Fostering a Learning Organization

“Tell me and I forget,
teach me and I may
remember, involve me
and I learn.”

— *Benjamin Franklin, writer, scientist, inventor,
statesman, diplomat, printer, publisher and
political philosopher.*

How and Why We Got Here

The first book, *The Visual System of Work*, was released in 2013 in order to tie together the method and tools that David Lord had used in practice over the course of 20 years. This method worked. The book combines the importance of making the core values and the operation of a business visible to its employees - *you cannot manage what you cannot see*. It also emphasized the importance of small businesses and the challenges they face. Out of these comes the book's main focus: *making money and generating cash*.



David T. Lord

The Visual System of Work is designed to develop trust among the employees of the business at all levels, thereby transforming the business from a reactive to creative workplace. This is achieved through the use of Storyboards, a Control Room, and the use of specific tools. One of the most meaningful tools is the Throughput Improvement Plan, consisting of seven steps to remove bottlenecks in the money-making processes of the business. Finally, The Visual System of Work made a Call to Action: *Implement a simple method with tools to start something new and bring growth into your business, by engaging people - the most valuable asset of the business - to work better and generate more cash*. There are no limits.

The next book, *The Visual System of Work Toolkit* begins with the Mission and Guiding Principles of the Visual System of Work (now referred to as VSOW), and underscoring the importance of making work visible. Then the twelve tools of the toolkit are introduced with their Job To Be Done (JTBD) and Context of Use with the use of icons to easily recognize them in the *Flow of the Tools Diagram* that demonstrates how the tools can be employed in sequence. Each tool is described by real-world users (business owners and managers), including their experiences, insights, and the benefits they received. Additionally, Mitch Sayers entered the picture to contribute to the detailed description of use and pictorial usage aids for each tool. Frequent references will be made in this book (Leveraging the 3Ps) to certain tools mentioned in the other books, making the VSOW Toolkit book a real reference guide.



Mitch Sayers

The *Leveraging the 3P's* delves into the philosophy behind the VSOW - the essence of what is truly important for it to work. It describes the journey from struggling to flourishing. The foundation of the VSOW - respect for people - is described in detail and context. It describes the impact of VSOW - getting better fast, making money and generating cash - and having fun while doing it. This all works to the purpose of giving a business owner hope that there is an effective way to make the business better while creating an environment where people love to come to work.

Leveraging the 3P's describes three significant domains (or dimensions):

1. The operating environment of the VSOW method - what is surrounding the tools to help make them work: *Alignment, Transparency, and Accountability (ATA)*
2. What results can be expected - the three states of business: *Stability, Sustaining, and Scaling* (the 3S's), and how leadership works to facilitate from one state to another.
3. How the precious resources of the 3Ps - *People, Processes and Projects* - are used to produce change in a business.

These domains form the foundation for the VSOW method and could be viewed as the ecosystem within which the VSOW tools are used.

After this comes the book, *Throughput Improvement Strategy* (TIS). This delves in more detail into the aspects of Throughput Accounting, the Break-Even Point and the use of the Throughput Improvement Plan to remove interferences (bottlenecks) in business operations to increase throughput in the business, producing rapid improvement. Examples of these aspects are provided to help business owners relate them to their businesses.

These books together provide a comprehensive view of the Visual System of Work for business owners to take and apply to their operations. This application is greatly eased with facilitation to guide the process, observing conditions and improvements and applying the right tools at the right time in the right way.

These are all supported with the [VSOW Academy](#), an online learning system to assist business owners and their teams to get up to speed quickly and accelerate the facilitated process of implementing the Visual System of Work.

A business is a learning organism. These tools and the resources help this learning and make it an ongoing pattern for improvement.

With the books and resources as a roadmap, let's get to business!

"A goal without a plan is just a wish."

— Antoine de Saint-Exupéry, French writer, journalist and aviator best known as author of "The Little Prince."

Foundation

Fn

Mission and Guiding Principles

“The moment you give up your principles, and your values, you are dead, your culture is dead, your civilization is dead. Period.”

— *Oriana Fallaci, an Italian journalist, author, and political interviewer*

FOUNDATION

VSOW Mission

What is a Mission?

A mission is a statement of the organization's fundamental philosophy and desired future state. It is an expression of the organization's desires and intentions.

1. Total Participation is Needed for Improvement

It is important for everyone in a business to participate so the company can grow and get better. Management is responsible to run the business, but the actual operational work is performed by employees. If the management system is a one-way, top-down style, activities become stifled and the business less creative and competitive. Communication must go both ways between management and workers. When everyone has the same goal, (working together with a shared purpose) the business gets better, makes more money, and generates cash.

2. Create a Quality Work Environment

Businesses with a policy of treating their employees with respect and appreciation are rewarded with a vitalized and competitive workforce. When VSOW methods and tools are applied, the business goes from a predictable, mediocre "workplace" to a vital, energetic hub of creativity. People spend more than one third of their lives at work. They seek vocations where accomplishments and service are combined with creativity and fellowship in a two-way system of work. Work becomes more than just a job. Work becomes a meaningful life.

3. The Ultimate Goal: Success for Everyone

Together, we are greater than the sum of our parts. The possibilities are endless for business, employees, and customers when we join together to share information and decision-making. The VSOW method and tools have a proven history of success and make it possible to meet the ultimate goal of a win-win for all involved.

Note: Inspired by *QC Circle Koryo: General Principles of the QC Circle*, QC Circle Headquarters, Union of Japanese Scientists and Engineers (JUSE), 1980

VSOW Guiding Principles

"Guiding Principles" is a broad philosophy that encompasses personal beliefs and values. It can be used to guide an organization throughout its existence in all circumstances, even changes in goals, strategies or type of work. The Guiding Principles create a company culture where everyone understands what is important.

1. **Work as 'ONE' Team.**
2. **Be impeccable (have the highest standards) with your words.**
3. **Don't take anything personally.**
4. **Don't make assumptions.**
5. **Always do your best (on-time, complete, accurate).**

Note: Numbers 2-5 taken from *The Four Agreements* by Don Miguel Ruiz, 1997

"When the people in authority want the rest of us to behave, it matters - first and foremost - how they behave. This is called the "principle of legitimacy" and legitimacy is based on three things. First of all, the people who are asked to obey authority have to feel like they have a voice-that if they speak up, they will be heard. Second, the law has to be predictable. There has to be a reasonable expectation that the rules tomorrow are going to be roughly the same as the rules today. And third, the authority has to be fair. It can't treat one group differently from another."

— **Malcolm Gladwell, *David and Goliath : Underdogs, Misfits, and the Art of Battling Giants***

Chapter

GW

3P Gateway

“Where you stand determines what you see and what you do not see; it determines also the angle you see it from; a change in where you stand changes everything.”

— *Steve de Shazer, psychotherapist, author, and pioneer of solution focused brief therapy*

Challenges and Struggles

A business in chaos is not just unsettling - it is terrifying. The stakes are livelihoods ... investments ... reputations. There may be other companies at risk when a company is in chaos. Then again, it may not seem “chaotic” to some - particularly to those looking from the outside in - but perhaps just not “fine-tuned.” These are symptoms of a business that needs to be stabilized.

When a business is unstable, employees can be frustrated, discouraged, or even consider leaving the company. Systems and processes may not be working as they should and no one seems to be responsible for changing them. Delivery dates may slip too often and at times customers simply walk away. Business just can't run like this for long.

People, processes and projects all play a part in the very operation of the business and, in turn in making money. From the first book, *Visual System of Work*, several concepts are presented pertaining to businesses and the struggles that their leaders and employees face. The following concepts arose from connecting these struggles to the the Visual System of Work tools, which had been further developed *through practice* since the time of the writing of the book.

We will look at each of these in two **domains: time** and **environment**. First, let's look at the time and different states of the business in time.

The Time Domain

Within the *Visual System of Work*, we look at 3 states of improvement: **Stabilization, Sustaining, and Scaling**. Stabilization must come first. You cannot sustain what is not stable, and you cannot scale what is unstable before it crumbles under its own weight. The 12 tools are applied to help businesses in all of these phases, with different emphases. The first tools are generally applied at the beginning of the process of working with a business owner, and the last ones, generally later. Each of these tools, which are explained in detail in the Visual System of Work Toolkit, build a progressive foundation for a business. The time domain is necessarily **sequential** or **progressive** - first things must come first. We could call this the **WHEN** of the 3P's.

The Environment Domain

The second domain is **environment**. The environment contains emphases, which apply to the perspective or approach to addressing each of the 3P's. These emphases are **alignment, transparency and accountability**. While these emphases may seem

to have significant overlap, they are indeed quite distinct from each other.



<https://www.learnstonecarving.com>

Therefore, it is valuable to look at the work at hand - what the current business condition is, and what needs to be done - from these different perspectives. Think of it as looking at a marble block to be carved into a statue. The block needs to be looked at frequently from different perspectives to assure that the work is taking the right form. We could describe these emphases as the **HOW** of the 3Ps - not as much the specific steps but rather “in what manner” of addressing them.

Inter-relationships between the Domains

Before we look at the application of the VSOW tools to the phases and emphases of addressing the 3P's, let's look at the relation between the **WHEN** and the **HOW** - how do these two domains relate to each other?

	Alignment	Transparency	Accountability
Stabilize	6	9	8
Sustain	7	5	9
Scale	9	7	7

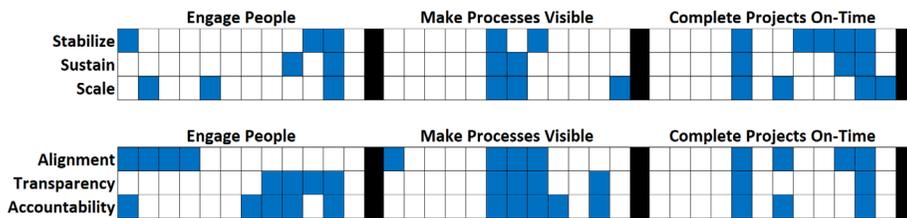
In order to do this, we will assign some weighting factor to each intersection between the **WHEN** and the **HOW**. We would end up with the Domain Intersection Diagram, below.

There is a stronger relationship between Stabilizing and Transparency than, for example, between Sustaining and Transparency. When stabilizing a business, it is absolutely essential to “see what is going on.” When sustaining a business, it is essential for each team member to be fully committed to be accountable to the tasks, the work processes and to communicating throughout the organization. It is not necessary to go through each one of the cells of this matrix, but it is worth noting the following:

- 1. Stabilization** is most *dependent on transparency*, as described above.
- 2. Sustaining** is most *dependent on accountability*.
- 3. Scaling** is most *dependent upon alignment*. Like a vehicle that is building up speed, the alignment of the wheels to each other is an absolute requirement for keeping on track. While it is also needed to make a business sustainable after first stabilizing it, it really starts to be evident when scaling.

Now let's look at the domains in order of the tools in the process of improvement. The next diagram shows the three phases and which tools (shown as boxes, left to right) apply to each of the 3P's - where are employees most engaged and decisive for the execution in that phase.

Below this, the 3 different **emphases** are shown - **alignment, transparency, and accountability**. We see specific parts of the sequence of improvement where the most activity is expected pertaining to specific aspects of the 3P's. Generally speaking, we see initial and end-sequence interaction mainly involving people. We see processes being dominant in the middle of the sequence and we see projects kicking in toward the end of the sequence.



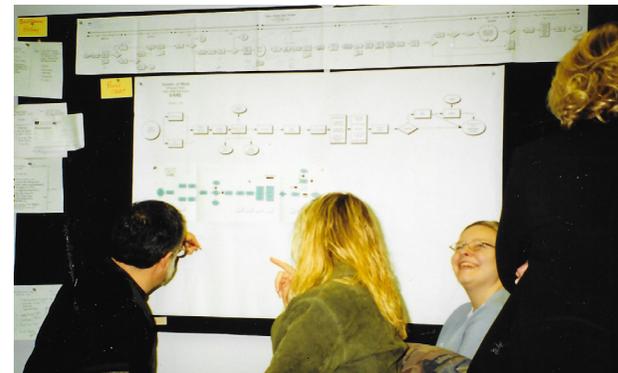
It is interesting to note some of the similarities between the phase domain and the emphasis domain, when looking at how the tools are employed with the different elements of the 3P's - people, processes and projects. This diagram may help in the planning of the execution of the tools, to consider the overlaps and the gaps in this diagram.

As a business moves through the tools as indicated in the Usage Profiles graphic above, it is as if the heart beat of the company increases in the regions with more colored blocks and drops in the white spaces. It is a sort of training program of operational improvement. The process allows for a bit of a warm-up in the beginning, which is needed as trust is built within the team and the strategy is solidified. After this the team is ready for execution to stabilize, sustain and scale.

The next diagram shows the two domains - phase and emphasis - which apply to which tool and which aspect of the 3P's. Here, generally speaking, from top to bottom indicates the sequence from start to finish. Some tools address several aspects and multiple elements in the two domains, and some are more sporadic in their application. All are important and required, but some will be used once or twice in the process of improvement, and some more continually. Shown in addition is the goal of increasing profits - making money and generating cash. While all tools play a part, some play a specific role in this ultimate goal.

	Engage Employees	Make Processes Visible	Complete Projects On-Time	Increase Profits
	Engage Employees	Visible	On-Time	Increase Profits
1. Functional Organization Chart	Stabilize/Accountability	Alignment		
2. Strategic Planning Sheet	Scale/Alignment			
3. Break-even Point / Financial Plan	Alignment			Stabil, Scale/Align, Trans, Account
4. 3-Questions	Alignment			
5. Project Planning Sheet (5W-2H)	Scale/Accountability	Accountability	Stabil, Sustain, Scale/Align, Trans, Account	
6. Whole System Map (Macro Flow)		Stabil, Sust, Scale/Align, Trans, Account	Stabilize	
7. Scoreboard	Transparency, Accountability	Sust, Scale/Align, Trans, Account	Scale/Align, Account	Stabil, Scale/Align, Trans, Account
8. Procedures/ Work Instructions	Stabil, Sust/Trans, Account.	Stabil/Align, Trans, Account	Stabilize	
9. Task Matrix	Stabil., Sust./Align, Account.	Scale	Stabilize	
10. Time Matrix	Transparency	Transparency	Stabil, Sustain/Align, Trans	
11. Meeting Matrix	Sust, Scale/Trans, Account	Trans, Account	Stabil, Sustain, Scale/Align, Trans, Account	
12. Throughput Improvement Plan	Scale	Scale/Trans	Scale	Sust, Scale/Align

Each aspect of the 3P's faces their specific challenges and struggles. Some are addressed sooner in the process steps of improvement. Some are more related to specific emphases within the process. And some are more dominant in specific phases of improvement - stabilizing, sustaining or scaling.



Furthermore, each business will have its own dynamics and conditions that may require modification of the process. The above diagrams are representations of a nominal case. When considering the implementation of improvement within a business, this all factors in to the planning.

In the next chapters, some of the struggles will be depicted in more detail. Some of the features and nuances of the different emphases will be discussed along with the developmental context with respect to the Visual System of Work. Then each of the aspects of the 3P's will be described with accompanying background and examples in order to indicate how the VSOW Tools can be applied to them.

“Stay committed to your decisions, but stay flexible in your approach. It’s the end you’re after.”
 — **Anthony Robbins, American author, coach, speaker, and philanthropist**

Chapter

01

Businesses Are Meant to Flourish

“Persistence
guarantees that
results are inevitable.”

— *Paramahansa Yogananda, conceived Kriya
Yoga, founder of Self-Realization Fellowship,
author of Autobiography of a Yogi*

Businesses Are Meant to Flourish

I always hear the same phrases when I sit down with business owners to discuss working together. Here are some examples of what business owners have to say:

- “I don’t understand who’s doing what?”
- “Communication is poor.”
- “My employees are overworked.”
- “I don’t have a clear understanding about what is going on in my business.”
- “I’m concerned about not making enough money to keep the doors open.”

These are the issues many businesses struggle with. My answer is always the same:

“Employees become more engaged when work is made visible. This one action, more than any other, leads to improved processes and more effective project management (which helps a business’s ability to make money and generate cash).

I discovered this premise the summer of 1989 when I read [Edgar Schein](#)’s book, *Process Consultation*. A few paragraphs clarified the five underlying assumptions of the Visual System of Work (VSOW) and led me to the work I do today, what I think of as ‘my calling.’



Edgar H. Schein on how the Concepts of ‘Process Consultation’ and ‘Helping’ were invented.

Underlying Assumptions

1. Every business has opportunities for improvement.
2. Identifying and improving those areas will help the business work better.
3. When actual observation and concrete data are used to evaluate the business (rather than relying on people’s perceptions) solutions emerge to help the business work better.
4. All members of the business must collaborate to analyze data and generate solutions for improving performance.
5. When involved, everyone within the business will help to improve performance.

—Captured from *Process Consultation: Its Role in Organization Development*, by Edgar H. Schein

In 2001, while thinking about Professor Schein and how important his principles had been to my career, I called his office and made an appointment. Six weeks later, I was on MIT’s campus, waiting in the lobby of his office building as the elevator doors opened and I got my first glimpse of this tall, distinguished gentleman with a perfectly groomed beard and twinkling eyes.

Professor Schein could not have been more welcoming or helpful. As we had lunch together in his office, he seemed intrigued that I was trained in Employee Involvement at Ford Motor Company and that one of my teachers was his prized student, Peter Block (*Flawless Consulting*). Dr. Schein was attentive, making comments and asking questions, as I showed him examples of my work. Finally, he pushed his glasses down on his nose and looked at me. He looked down at the paper, then back at me. “Who taught you this?” he asked, tapping his finger on the paper. “Who taught you this???”

I couldn’t help but laugh. “You did!” I replied. It was a wonderful moment because I realized Professor Schein had no idea how grateful I was for a crucial part he played in stating me on my life’s journey of helping businesses struggle less and flourish more. “You did!”



Professor Edgar Schein and David Lord

“We must believe that we are gifted for something, and that this thing, at whatever cost, must be attained.”

— Marie Curie, French physicist and chemist two-time Nobel Prize winner

Chapter

02

Make Money and Generate Cash

“If you ask me to name the proudest distinction of Americans, I would choose - because it contains all others - the fact that they were the people who created the phrase, ‘to make money’. No other language or nation had ever used these words before; men had always thought of wealth as a static quantity - to be seized, begged, inherited, shared, looted, or obtained as a favor. Americans were the first to understand that wealth has to be created. The words, ‘make money’ hold the essence of human morality.”

— *Francisco D’Aconia, one of the central characters in Atlas Shrugged, in which he was the owner by inheritance of the world’s largest copper mining empire*

Make Money and Generate Cash

Making money and generating cash is the breath of business - once this is no longer happening, the business will not live long. [Eliyahu M. Goldratt](#), author of *The Goal*, wrote, “Adopting ‘making money’ as the goal for an organization looks like a pretty good assumption. Because, for one thing, there isn’t one item on that list that’s worth a damn if the company isn’t making money.” Business owners can never afford to lose sight of making money. When business becomes complex and numerous business measurement parameters emerge over time, it can become increasingly difficult to maintain focus on this important element. This may seem trivial, but this is often the unfortunate reality.



Eliyahu Goldratt

The Break-Even Point - The Beginning of Winning

The initial use of the Break-Even Point is described in detail in the Visual System of Work Toolkit. The application of the Break-Even Point in the different states of business improvement is described in detail in the Throughput Improvement Strategy book. Therefore, let’s focus on the environmental aspects of the Break-Even Point and the effects that it has on the [3P’s](#), [ATA](#) and the [3S’s](#).

When a business first embarks on the improvement journey from reactive to creative described in the [Introduction](#), it is important to get a quick snapshot of the financial standing of the company - not how much money is in the bank, or how much money came in last month, but rather whether the business is actually making money. The *Break-Even Point Snapshot* gives the business some orientation on whether it is close or not. The complexities of product mixes and details of cost analysis are first left out. When the business looks at its Throughput (Revenue minus Cost of Sales) on a sum basis, then compares this to the Operating Costs (generally including all wages and salaries - yes, that’s right), the business can quickly see whether it stands to profit or lose.

This journey can be uncomfortable and difficult. When employees, who are accustomed to showing up for work, doing their tasks, and never looking over the confines of their specific duties, see how the business is really operating, it can be a revelation that can produce uncertainty and even fear. This is where the principles of transparency discussed in [Chapter 4](#) come to bear. Indeed this is illustrated well within the Open Book Management principle of the Great Game of Business and described in [“What Is Open-Book Management?”](#) - “When employees gain a better understanding of how the organization is run, they become empowered by this knowledge and it gives them ‘a dog in the fight’ ... [and to] get employees thinking about how their individual tasks contribute to improving the company.”

An entirely different level of trust is created when employees are all looking at the whole picture and share responsibility in making it happen. This touches the topic of accountability, addressed later in this chapter.

Once the initial Break-Even Point is visible and understood by the employees, the business can begin to be stabilized. Sustaining a business and scaling a business cannot be achieved until it is stabilized, as outlined in [Chapter 1](#). The process of stabilization is addressed in [Chapter 6](#).

Once stabilization is achieved or is well under way, the Break-Even Analysis is helpful for the business to settle on the right areas upon which to concentrate - product mixes, adding or dropping products, improvement projects, and so forth. This will become the basis for sustaining the business. From this analysis, there may be elements that are worthy of “keeping score” of, which can be included on the Scoreboard (VSOW Tool 6), in order to sustain more robustly.

After the business has sustained for a period of time - generally 18 months or more - it may be ready to consider scaling. The criteria for determining this are discussed in [Chapter 6](#). At this point the Break-Even Point can be used for an improvement project, a new business venture within the business, a new major customer, and the like. This is more akin to the Break-Even Point Snapshot used during stabilization, but may include some (limited) details gleaned as significant from the sustaining period.

Making More Money - Scaling Up

In the state of scaling, there is a dynamic between generating cash, making money and whatever the business defines as SCALING. If we hold the definition of scaling to “a significant increase in throughput,” this makes the discussion simpler. The dynamics of scaling are discussed more in [Chapter 6](#), but let’s consider the money-making aspect of scaling.

First, scaling takes effort and requires investment. Employees are affected by these in different ways. Although they are generally not the ones making bank transfers for investment outlays, they ARE the ones putting in more time and making more effort to implement the scaling. This investment should be quantified as well as possible to give employees an expectation of the requirements - to know “what they are

“The only way to be secure is to make money and generate cash. Everything else is a means to that end.”

— Jack Stack, founder and CEO of SRC Holdings

getting into.” Surprise requirements of 20 hours of overtime are difficult for most employees to accept, and will invariably wear upon the trust between the employee and the business. While forecasts of requirements to scale may not be completely accurate, a good-faith effort is a baseline expectation of employees for a new venture within the business. This is a matter of transparency and accountability of managers to the employees. This, in turn, produces alignment needed to make the scaling successful.

Somewhere along the line, the business and its employees expect a return on this investment. The employees that invest should also have some mode of return. This is perhaps best called a “mode of return” because it may not necessarily be monetary, however a monetary return is a very good motivator. Indeed monetary incentives are what drives business, what motivates risk-taking and makes the effort worthwhile. To many businesses this kind of incentivizing may be quite foreign. Often, the larger the business, the less common this becomes, and effort poured into a scaling initiative is almost ethereal and illusive. If the mode of return is not monetary, it should absolutely be more than a token - a frivolous gift or a plaque of recognition.

All of these elements should be considered in the Break-Even Analysis for the venture of scaling.

Measure workplace transparency:

The following are general areas to cover in employee surveys to measure transparency in the workplace.

1. Secretive communication
2. Participatory communication
3. Accountable communication
4. Substantial information disclosure
5. Company integrity and goodwill
6. Overall trust
7. Overall transparency

Often a scaling opportunity will surface as a result of a Throughput Improvement Plan (TIP, VSOW Tool 12) exercise. This is often the best scenario, because the initiative will have come from a team analysis, and the alignment needed to start the scaling is already largely achieved. In the process of the TIP, the aspect of making money should be considered in the identification of constraints and interferences, to assure a holistic approach to the TIP initiative.

Lastly, the aspects of projects, addressed more thoroughly in [Chapter 5](#), will arise in the process of scaling. For example, after a TIP has been executed, one or several projects will arise from it to outline an implementation plan to address the interferences identified. In the “How Much” area of the Project Planning Sheets (VSOW

Why Transparency Is Important in Business

—Adapted from “[Transparency in Business](#)”, The Great Game of Business website.

Fear keeps many leaders from sharing an authentic story and truly connecting with their key audiences. Just as trust is paramount in our personal lives, we need to create trust and openness in the workforce. In order to build a culture of trust and the kind of company people want to work for, managers and leaders must share information on the company’s direction, strategies, and financial outlook.

Creating an open business environment encourages employees to look out for the company’s best interests and to act in a way that engenders even more trust. The true objective of transparent business practices is to support the greater good of the business by improving manager/employee relations. This creates a culture of value where employees know what they are working for, feel valued, and are able to deliver results that support continual and sustainable company growth.

Organizational transparency is an approach that tends to fluctuate, as certain business events and scenarios require a greater degree of discretion. As the amount of transparency changes, each individual’s perception of that transparency will change over time as well.

A great way to gauge company-wide perceptions about transparency is to conduct employee surveys. Through these surveys, trends can be analyzed and areas for improvement can be identified and addressed. This allows you to implement policy changes that move the company in the right direction.

Business leaders who are open to transparency can dive deeper into The Great Game of Business operating system to transform their organization.



David Lord and Jack Stack

Tool 5), the aspect of “mode of return” and a realistic Break-Even Analysis should be referenced and summarized.

Continuing to make money and generate cash is the baseline of operation for a business. Scaling the business takes this to the next level.

Chapter

03

Engage Your People

“Engaged employees are more attentive and vigilant. They look out for the needs of their coworkers and the overall enterprise, because they personally ‘own’ the result of their work and that of the organization.”

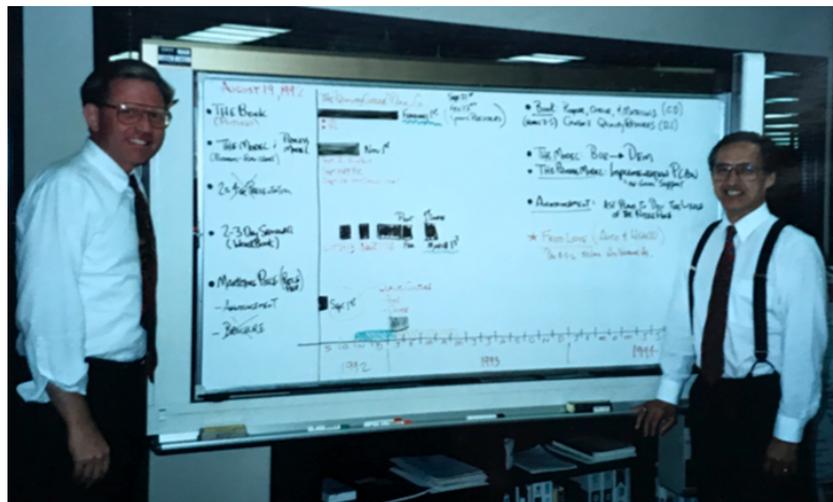
— Jim Harter Pd.D, chief scientist at Gallup Research

Engage Your People

In 1990, I attended a conference in Detroit where the Keynote Speaker was Charles Dygert, author of *Success Is A Team Effort*. He spoke about creating a Quality Culture within a business using: 1) shared information, and 2) shared decision-making. These concepts intrigued me with their simplicity and insight, and, after his lecture, I found myself following him into the elevator, hoping to continue the discussion. I soon found that Charles was not only an expert on Quality Culture, he was also a helpful, friendly, and supportive individual. That day, Charles Dygert became my mentor and my friend.

Charles taught me how to transform a business from a *Reactive/Firefighting Mode* (characterized by Complaining, Criticism, and Condemnation) to a *Creative/Innovative Mode* (characterized by Communication, Cooperation, and Coordination of Effort.) I was eager to see how these concepts translated into real life.

I got plenty of inspiration when we visited the Honda Plant in Marysville, Ohio, to see how information and decision-making criteria was shared. The Honda employees were informed and actively engaged through the use of simple tools such as whiteboards, information boards, and scoreboards on display in work and cafeteria areas. Workers noticed and looked for information when effort was made to keep information up-to-date and relevant.



David Lord and Charles B. Dygert

Engage your people! It is the key to making your business flourish. By effectively sharing information and decision-making through visual communication, people know they are an important part of the organization and no one feels left out.

Engaging your people can be accomplished with the [VSOW Tools](#), and ideally in an atmosphere of Alignment, Transparency, and Accountability. Tool 4, The 3 Questions, which is later integrated into Tool 2, the Strategic Planning Sheet, is one of the first ways to engage your people. This poses 3 simple questions to employees and gives them the opportunity to voice their opinions, observations and recommendations pertaining to the business, its successes, failures and opportunities:

1. What is the business doing well?
2. What is the business doing, which could be done better?
3. What is the business not doing which it should be doing?

With the answers to these simple questions a real dialog about the business can begin. Essentially ALL of the VSOW Tools are intended to engage employees. From daily tasks and procedures to recurring meeting planning to solving chronic problems, the tools use the valuable perspectives of the employees to improve the business.



Everybody, Engaged, Every Day

When I first worked at American Supplier Institute (ASI), there was one book that really stood out. It was the *What Is Total Quality Control* by Kaoru Ishikawa. What I found unique about the book was the person that did the translation. David Lu argued that the method and tools that Ishikawa was teaching in Japan could flourish in a Christian nation. That got my attention.

When the ASI Desktop Publishing Department manager passed away, I was asked to come off the road from consulting and run the department. One of the first things I had to do was clean out the manager's desk. There in front of me was David Lu's business card. It was a Friday afternoon. I said what the heck and called the number. His wife answered the phone and the next thing I knew, I was speaking with David Lu.

About a month later I flew to Pennsylvania, and I spent a day with David Lu. From that day, he became a friend and mentor. David always held a high respect for people. He would always talk about helping with a sincere spirit.

I was honored when he agreed to visit my client, Anthony Georgio. Mr. Georgio was the owner/president of All State Fastener. <https://www.allstatefastener.com/about-asf>.

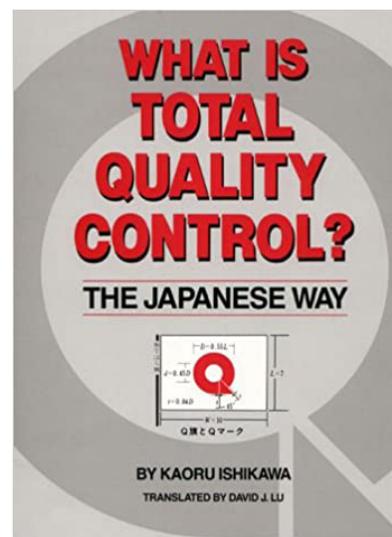
The purpose for David's visit was to present ideas on how to improve business performance. The first day was at the All State Fastener location (employees) and the second day was at his home on Lake St. Clair (family).



David Lu and David Lord

"An organization dedicated to change must be one that is fundamentally human-centered, that enables people to thrive and grow."

— Dan Markovitz, Author of *A Factory of One*



What Is Total Quality Control?: The Japanese Way, by Kaoru Ishikawa, describes the Japanese approach to quality control, explains how quality circles work, and discusses applications in subcontracting and marketing. This dynamic handbook has sold over 100,000 copies in Japan already and has helped thousands of firms throughout the world turn quality into their most powerful marketing weapon.

"One of the great foundational books for the quality movement. Ishikawa is regarded as one of the early pioneers of TQM. In this, his seminal work, he discusses the full gamut of TQM - from personnel and training through corporate and customer strategies."

—Ed Barton, Executive, CPA and attorney.



David Lu presenting at All State Fastener



David Lu presenting to the family and guests



David Lord, David Lu, Linda Hogan, Charles Dygert, Jerry Pound, and Tony Georgio

Special note: All State Fastener was David's first client after leaving ASI. During this project, the [Task Matrix](#) was born.

Chapter 03 - Engage Your People
New Boston RTM Case Study

How RTM engages employees every day

New Boston RTM, Inc is located in New Boston, MI, United States and is part of the Resin, Synthetic Rubber, Artificial and Synthetic Fibers, and Filaments Manufacturing Industry. New Boston RTM, Inc has 24 total employees across all of its locations and generates \$2.5 million in sales (USD).



Bi-Weekly Feedback Meeting - Engaging Tooling, Production, and Finishing Departments at RTM.

Mike Angerer and the System of Work with Control Points - the Roadmap for Engagement



Control Room at New Boston RTM - the Forum for Engagement, facilitating strategic discussion with employees



RTM Products on display at the Detroit Boat Show – Molded T-Top



“It takes communication, cooperation, and coordination of effort to create on-time, quality parts.” – Mike Angerer, Owner, RTM

Molded Head Doors



Shop Floor Visual Management Board for managing daily work flow at a tactical level



Chapter

04

Make Your Processes Visible

“If you can’t describe what you are doing as a process, you don’t know what you’re doing.”

— *W. Edwards Deming, American engineer, statistician, professor, author, lecturer, and management consultant*

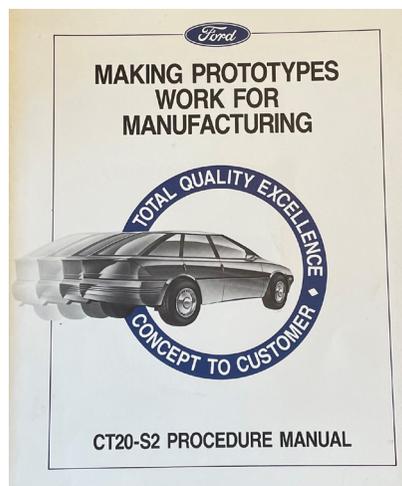
Make Your Processes Visible

It was a blessing to work for the American Supplier Institute (ASI) in Dearborn MI. I was introduced to many amazing quality-related methods and tools, from many different perspectives.

For the first six months at ASI, I was Manager of Course Development. 80% of my time was devoted to serve, Dr. Willie Moore, at World Headquarters, Ford Motor Company (FMC). I oversaw the perfection of her work to help promote and train Quality to the FMC workforce.

Then, I became the project manager for the FMC CT20 project. CT20 was the code name for the 1991 Escort. The objective for the project was to create a manual for FMC suppliers to guide them to achieving 1.33 Cpk, a quality levels, which meant that there was no need to perform incoming inspection. The 1991 Escort became one of the best built cars by FMC. During that time, I was mentored by Gordon Keefe (see insert). The most important skill that Gordon taught me? Learning how to step away and let the people, that should be doing the work, are doing the work, to complete projects on-time and effectively. Later, we worked with the US Airforce to create their Total Quality Management (TQM) officer training manual. The TQM pilot training was conducted at Andrews Air Force Base.

The 1991 Ford Escort, Coded the CT20 – Ford Motor Company, 1988



In 1988, after working at Ford Motor Company for seven years and earning a Master's in Industrial Education, David Lord was well prepared for his first major assignment at American Supplier Institute (ASI), a consulting job at Ford. Lord remembers setting the bar very high as they began the project. "Our goal was to create the 'best car Ford ever built. We were asked to design a continuous- improvement program that would enable Ford to build a car of the same quality as those from Japanese manufacturers."

Known by its code name, the CT20, the Escort would require extensive process- improvement efforts throughout Ford's supply chain. Lord (Project Manager) and his associates at ASI analyzed the "process

capability results (Cpk)" and other critical data pertaining to 24 key suppliers and created a process-improvement plan. That information and other data from Ford was compiled into a procedure manual titled, Making Prototypes Work for Manufacturing, to help those suppliers meet Ford's tough, new quality standards. A "hotline" provided additional support to Ford manufacturers as they continuously worked toward improving their products – developing the Ford CT20.



David T. Lord and Gordon Keefe



Bob Moesta (far left), Gordon Keefe (front, yellow tie), and David Lord (far right, second row)

Gordon J. Keefe

of Maumelle, AR
January 30, 1921 - March 23, 2009



Gordon J. Keefe

Gordon J. Keefe, age 88, of Maumelle, Arkansas departed this life on Monday, March 23, 2009 at Baptist Health Medical Center in Little Rock, following a sudden illness.

He was born January 30, 1921, in Chicago, Illinois, the son of the late Mary Ellen and George Keefe, Sr. He is survived by his wife, Elfrieda W. Keefe, whom he married on September 24, 1955. Also surviving are his three daughters, Maritrese Nash and her husband, Kirk Nash, Prince Frederick, Maryland, Bonnie LoBianco and her husband Royce LoBianco, Maumelle, Arkansas and Wende Preaskorn and her husband, Jim Preaskorn, Bridgeport, West Virginia. Also surviving are seven grandchildren, Ryan Runquist and her husband, Erik Runquist, Davis, California, Clare Cuppenink and her husband, Clayton Cuppenink, St. Leonard, Maryland, and Jeannae Parran Briscoe, St. Leonard, Maryland, Francesca LoBianco and Royce LoBianco, Jr., Maumelle, Arkansas and Caitlin and Jake Preaskorn, Bridgeport, West Virginia.

Gordon retired from the United States Department of the Army with 38 years of service including assignments at Cameron Station, Alexandria, Virginia and the Pentagon, Washington, DC. Additionally, he attended the Industrial College of the Armed Forces in residence at Ft. McNair, Washington DC. A highlight from his distinguished career included participating in the drafting of the Freedom of Information Act which was signed into law by President Richard M. Nixon. After his retirement from the government, Gordon was a quality management consultant with the Ford Motor Company, Detroit, Michigan for 12 years.

Gordon practiced his faith at the Immaculate Heart of Mary Catholic Church, North Little Rock, Arkansas. He was a lifetime member of the Knights of Columbus and obtained the fifth degree.

Gordon enjoyed being with his family, playing table games, discussing politics and anything regarding history especially World War II and the Roman Empire. He was a loving husband, devoted father and doting grandfather. He will be dearly missed by his family and friends.

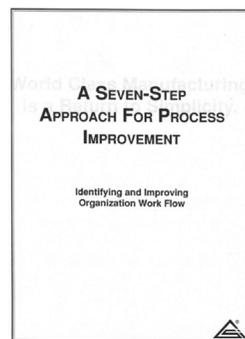
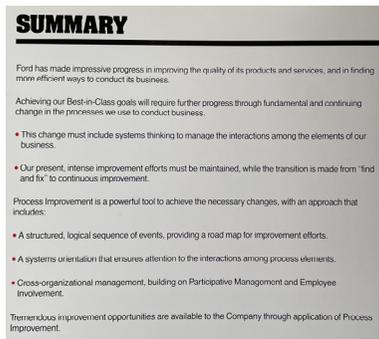
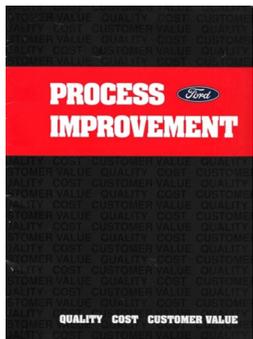
Discovering Process Management

While working at ASI, I received confirmation that cliques continue after high school. Those individuals who were highly skilled in Statistical Process Control (SPC), Quality Function Deployment (QFD), and/or Taguchi Methods, were tightly knitted together. I named the group the Technocrats. I felt like an outsider. I didn't have something to contribute to improving business performance.

Then, came a series of 'aha' moments.

#1. Larry Sullivan, ASI President, had an office with a large, back-room closet, with a shade-less hanging light. Many books, articles, and other documents from the many Study Missions to Japan, was abundant. Larry was out of town for business, when his secretary, allowed me to sneak inside the closet. The first thing I saw was a Kobe Shipyards Binder. As I turned the pages, page by page, I finally said out loud, "So that's how the Japs to it!" Even though I could not read the language that was written, I did see how they had mapped out all their processes. I was astonished.

#2. I found it remarkable that two weeks later, FMC approached ASI to select two consultants to be trained to conduct their process improvement training. I was one of those selected. The four days opened my eyes on the possibilities for this method and tools. Aha! I finally discovered something that I could do to help improve a business. Also, I came to the realization that most small supplier companies may find it challenging to send someone away for a week and pay \$950. So, I created a handout titled, A Seven-Step Approach for Process Improvement: Identifying and Improving Organization Workflow. After the handout was written two opportunities came forth.



#3. The first opportunity was with the American Sunroof Company (ASC), downriver in Detroit. Larry Moore (see insert below) was then working as Executive Vice President /COO at ASC. Previously, Larry was at Ford Motor Co. and became the Company's youngest Assembly Plant Manager at 35 when he managed the high-volume Michigan Truck Assembly Plant in Wayne, Michigan.

Later he was appointed Ford's Corporate Director for Quality Management and was responsible for introducing Doctor Edward Deming (see insert below) to FMC and work-

ing with him for five years. I met Larry at ASI when he was serving on the Board of Directors. I remember Larry saying to me, "Until you stabilize a system, you will not have control. When you have control, you will have the ability to predict what will happen."

My first paid consulting work experience at ASI was the assignment with ASC, with Larry being my mentor. Using the Seven-Step Approach to Process Improvement, we saved the business \$250,000 by deploying engineers to the supplier companies and teaching them about quality.



Larry Moore



1980 meeting with Dr. Deming

I was appointed Ford's Corporate Director for Quality Management in January of 1980 and was immediately asked to visit Dr. Deming to "explore" his interest in consulting with Ford. I took 3 Ford execs with me to garner support later if needed (see picture): Don Jesmore (General Mgr. Auto Assembly Division) on far left; Jim Siegle (Planning Manager for my Office), behind me; Frank Macher (whom I replaced), on my left. Then Ford President, Don Petersen reserved Corporate jet aircraft for us to fly directly to Washington DC to meet with Deming in his home (his office was in his basement)."

#4. The second opportunity came forth by the way of a phone call, on a Friday afternoon. Since the Technocrats had already left for the day and I was one of the few people left in the office. The receptionist forwarded the phone call that would have a tremendous impact on my life.

The people at the other end were from Whirlpool Corporation, Benton Harbor MI. They were on a mission to find a process improvement curriculum that they could use to create their worldwide program. I was asked if we had such a program. I was happy to reply, "Yes we do. We have the Seven-Step Approach to Process Improvement." We worked with Whirlpool and created their worldwide process improvement program. The pilot program saved Whirlpool \$450 million.

Chapter 04 - Make Your Processes Visible Whirlpool Corporation, 1990

In 1990, while at ASI, Lord was asked to help implement continuous improvement at Whirlpool Corporation, which had recently expanded beyond their American roots to become the world's top manufacturer of home appliances. On behalf of Whirlpool, Lord and ASI developed a three-day course entitled Improving Business Processes. It was a blueprint that people throughout the company could use to improve manufacturing, administration, customer service and other departments.

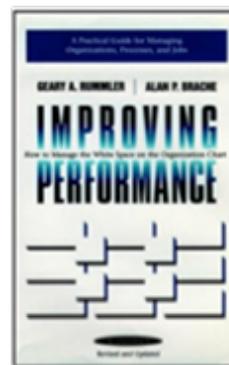


Whirlpool's Dick Anderson (Project Manager), Barbara Pries (Quality), and David Lord

Lord knew the comprehensiveness of this project would mean a completely new way of doing business at Whirlpool. "Our goal was to transform the company into one that focused on quality and efficiency at all levels of the business. We helped employees understand the importance of project management and short-and long-term objectives, as well as the ongoing pursuit of process improvement, progress measurement and customer satisfaction." Initially implemented by top management of Whirlpool's North American Appliance Group, the "Improving Business Processes" program was rolled out to that entire division and then, throughout the whole company.

"... David offered us many resources on process improvement. But more importantly, he offered us the experience in process improvement team management, which was invaluable. He guided and encouraged us as we worked with our first pilot team, offering helpful, practical tips on presentation and facilitation. He constantly reminded us of the power of the tools we were producing. We have seen his predictions come true as the word spreads around the corporation."

— **Barbara M. Pries** *Quality Improvement, Whirlpool Corporation*



“An organization is only as effective as its processes.”

— Geary A. Rummler, *Improving Performance: How to Manage the White Space on the Organization Chart*

What have these experiences taught me?

Make your processes visible...

- **Creates a shared understanding on how the business operates.**
- **Helps to identify key interfaces (Handoffs).**
- **Focuses on Customer/Supplier roles & responsibilities.**
- **Lays the foundation to measure On-Time Delivery and Quality (Complete and Accurate).**
- **Foundation for promoting Continuous Improvement**

“Put a good performer in a bad system, and the system wins every time.”

Geary A. Rummler, PhD

1937-2008



For more info on Geary A. Rummler please visit the Performance Design Lab web site.

Chapter 04 - Make Your Processes Visible

Miele USA Case Study

From Foreword of the book, *The Visual System of Work Toolkit*:

Almost four years ago, I was asked to join Miele USA as head of Finance and Administration. I was responsible for finance and controlling, logistics, IT, and other administrative functions. The company was very successful, but after 20 years of good growth with the same management, it was time to break internal silos down, form effective collaboration, and create scalability for fundamental business processes.

The need for improvement had a much larger scale than I anticipated and, in week three, I needed help. By coincidence, I heard of David Lord and reached out to him. In the initial phone call, I could feel his energy and sensed a great synergy between us to get things done effectively. Two weeks later, we launched our first workshop with my new logistics team. They had never had a workshop where they could develop a strategy and a game plan at the same time or where their ideas for improvement were heard and made visible so that the most promising could be selected. The motivation we created through this workshop broke the ice and, eight months later, we successfully implemented a fundamentally different reversed logistics operation. Frequent workshops followed, many of them were driven by the individual department heads in operations, finance, or other departments.

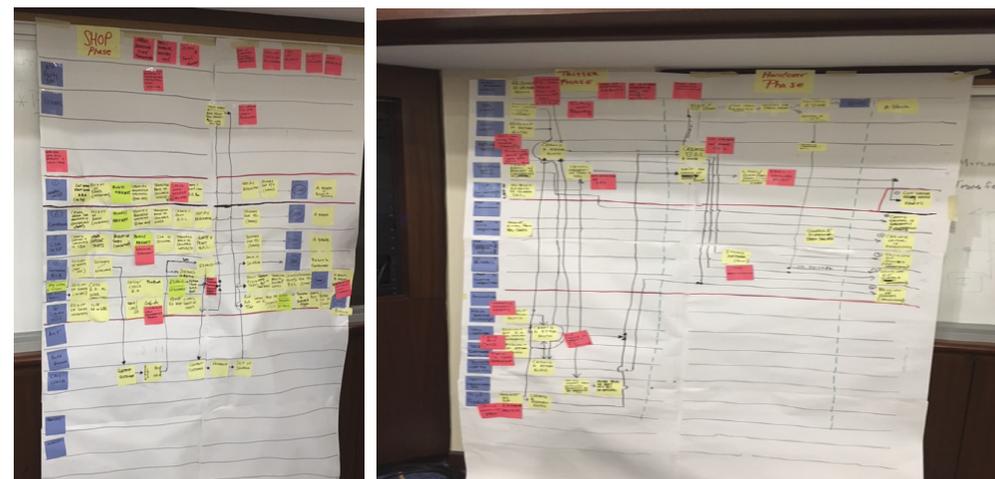
Ulf Clever, VP Finance and Administration, Miele Incorporated
December 27, 2020



Reaching consensus on the sequence of participants in the System of Work in preparation for the Swim Lane Process Diagram workshop.



Initial development of the Swim Lane Process diagram.



The completed Swim Lane Process Diagram.

Note the red markers for continuous improvement opportunities.



The Action Plan to implement a fundamentally different reversed logistics operation.

Chapter

05

Complete Your Projects On-Time

“Great things are not done by impulse, but by a series of small things brought together.”

— *Vincent Van Gogh, Dutch post-impressionist painter*

Fish & Associates Case Study

There is a considerable variance in how processes are viewed between owners (advisors) vs the service/operations employees. It is my job to effectively bridge that gap and bring harmony to the team.

The process allowed me to listen and hear the owner’s concerns and receive that feedback from a neutral point of view - something that needed to be remedied. Moving from Client Services Manager into the role of Sr. Client Services & Operations Manager brought on many new duties that I had minimal exposure in. There was never a better time to take on the project of streamlining & recording the operations processes for [Fish and Associates](#). I could truly say, “What are we looking to accomplish and what is the most efficient way? What was done in the past and is it still relevant?” I’m the new kid here but also a long-term employee what understands the company’s standards and why they are important in everything that we do. Simultaneous with my job shift & project, we also brought in two new employees! I was unsure where or how to begin when everything seemed important.

Often times when there is a breakdown in the system people take feedback personally, as if they’ve done something wrong. This experience has shifted my focus to react as a sounding board, take in concerns, pinpoint flaws in current process and put in measures to eliminate or mitigate future breakdowns – then communicate this to the team so that they would understand why a change was being introduced.

Assurance for owners and clarity for employees.

Project Planning Sheet						
Project Name: OPERATIONS OVERHAUL		Project Lead: Jennifer Cissell				
What (Subject)	Perform an overhaul of current business operations for Fish and Associates.					
Why (Purpose)	To stabilize [control] and sustain [maintain] to scale [grow] the business.					
When (Sequence)	January, February, and March 2021 [90 day action plan]					
Where (Location)	Fish and Associates					
Who (People)	Jennifer [project leader], Kathy, Kerry, Xanthe, Ligia, and David [facilitator]					
How (Method)	Action Items	Who	Due Date	Not Started	In Process (%)	Complete
1	Reach consensus on Task Matrices.	TEAM	01.31.21			
2	Revise and update Organization Chart.	KF, KJ, JC	03.08.21			
3	Create a system of work and identify key control points.	KF, KJ, JC	02.19.21			
4	Determine what it means to win.	TEAM	02.26.21			
5	Create operations scorecard.	TEAM	03.15.21			
6	Create the operations managers task matrix.	JC	03.31.21			
7	Determine next steps.	KF, KJ, JC	03.31.21			
	a) Create Training Matrix for Critical Control Points [GANTT Chart]	JC	03.26.21			
	b) Execute Training Matrix for Critical Control Points	JC	06.30.21		50%	
	c) Create 90-day Roadmap for Marketing	KF, KJ, JC	04.01.21		50%	
	d) Create 1 page Visual Scorecard to show how we're trending over time	KF, KJ, JC	04.30.21		50%	
	e) Update System of Work (Jobs to be done)	KF, KJ, JC	04.30.21		75%	
How Much (Time/\$)						

Latest revision: 20.09.2021



Jennifer Cissell with Task Matrices, Project Planning Sheet, Organization Structure, and Scorecard for Fish & Associates.

“Plans are only good intentions unless they immediately degenerate into hard work.”

— Peter Drucker, Austrian-American management consultant, educator, and author

Chapter

3s

Changing States - the 3S's: Stabilize, Sustain, and Scale

“Measurement is the first step that leads to control and eventually to improvement. If you can't measure something, you can't understand it. If you can't understand it, you can't control it. If you can't control it, you can't improve it.”

— *H. James Harrington, American author, lecturer, consultant, international performance improvement and quality guru, entrepreneur*

The States of a Business

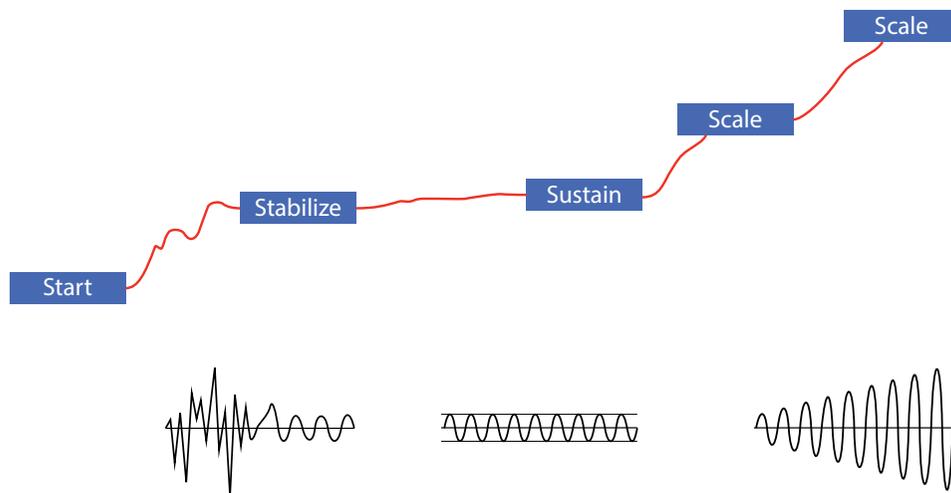
Every business is in a state. Just as every pieces of matter are in a state of matter - gas, liquid, or solid (leaving aside plasma, etc.),

Stabilization - getting a grip on the business

Businesses just having been started are by nature unstable. There was no basis for stability before was begun. There are some rare exceptions for this when, for example, a business is founded on a nearly identical premise as another business, and executed in nearly identical conditions - which essentially never happens. Businesses lacking fundamentals are often unstable. Businesses having gone through radical changes in leadership, operation or market assumptions can often be unstable. In the State Diagram 1, below, the path from Start to Stabilization is wavy. It is generally not a smooth ride. But there is with rare exception an increase in Throughput as a result of stabilizing efforts.

Sustaining - keeping the business running smoothly

When an unstable business is brought into stability - leaving out the “how” for the moment - it will enter a state of sustaining, or said differently it becomes sustainable. It can function successfully long-term with good processes in place and is able to demonstrate this stability with key lead and lag measures on its Scoreboard (VSOW



State Diagram 1. Progression of the states as a business moves from chaos.

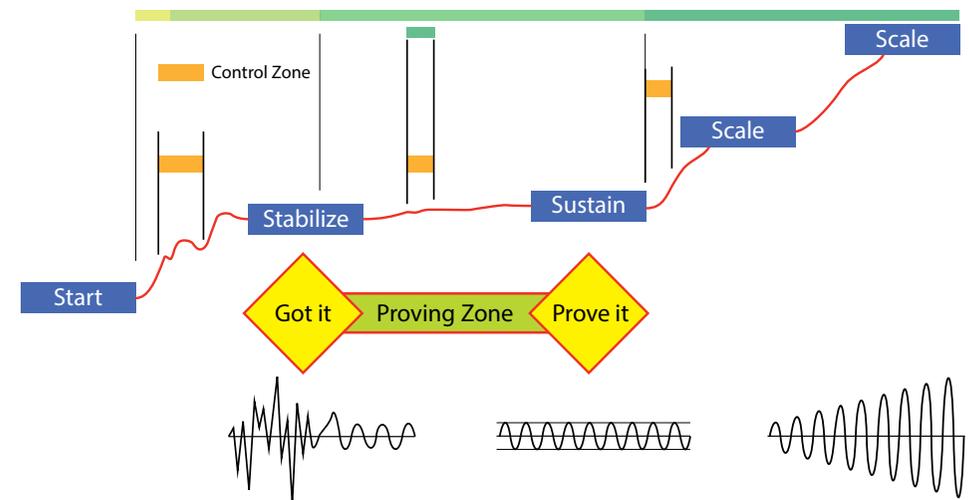
Tool 7). A business can only be sustainable after it is stabilized. While some may point to companies that break this rule, their long-term operation is somewhat of a gamble. There is a given probability that such a company will make money over time. While there are no guarantees in business, here there would not even be a likelihood of success.

Scaling - bringing true growth into the business

After a period of sustaining a business, it is first in the position to consider a step of scaling. One might think that a business emerging from chaos into a period of stability is ready to take the dynamic of achieving this new goal and apply it to scaling. However this is even more risky than sustaining a less-than-stable business, as generally the stakes increase after a period of scaling, as there is often investment involved. The cost of losing on the investment increases.

The period of sustaining necessary before scaling is a matter of discussion. It would be prudent to have at least one period of annual financial reporting behind it before a business considers any kind of significant scaling. While there may be considerable growth during the stabilization state, and perhaps some modest further gains during the sustaining state, the idea behind scaling is significant increase in a business’s throughput and net profit - perhaps 50% or more.

Each of these states of business improvement are achieved with different mechanisms - at least in sum total. Some of the fundamental mechanisms - an Organizational Structure, for example - will of course be used throughout the

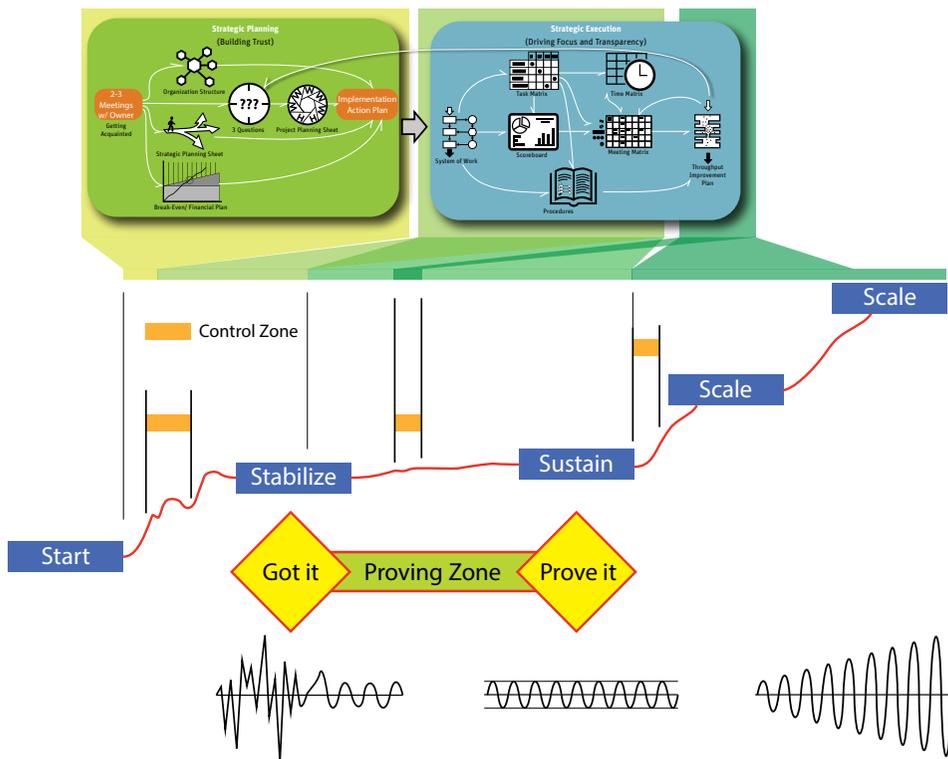


State Diagram 2. Progression of through the states with control zones and phases.

duration and may be revisited periodically through the journey through these states.

These states represent a domain that we could liken to a *time-domain*. This comparison can be considered because of its progressive, sequential nature. While it is possible for a business to move backward, i.e. invalidating the forward-moving time principle, this will not be the case unless the business experiences something like a management-change-induced amnesia, and finds itself back in an unstable, chaotic state. However, once a business has truly embraced stabilizing principles, methods and measures, it will not fall backward very far until corrective action is taken. Similar statements could be said about scaling - that negative scaling seldom takes place - however there may be more examples of this phenomenon.

Note the control points. These are intended to be symbolic in nature in the diagrams. The first control point can be considered in the stabilization state. While a company is in flux, the “cost” of disruption is relatively low. While people are used to putting out fires, they will not be bothered by the nuisance of adjusting some processes or making some additional corrective actions, when there are less fires to fight. This makes it a good time to observe the results and reactions to some stabilizing actions. Therefore, some actions, which may be deemed to be high-potential in their



State Diagram 3. Progression of through the states as related to the phases of VSOW implementation.

stabilizing effect, can be consciously timed and observed. Managers and employees can take note of how people, processes and projects are influenced by this change. If there are stages of these actions, they may also be executed with varying degrees of “force” - e.g. process stages can be implemented in differing rates - in a day, in a week, in 3 weeks. The resultant behavior of the business can be observed. This may help to develop an expectation when implementing changes later in the sustaining and scaling states.

Now let’s look at the VSOW tools and their general applicability during these states of business improvement. This is shown in State Diagram 3. The first 5 tools, contained in what is called the Strategic Planning stage of VSOW execution - where trust within the organization and also to the improvement process is built. These are necessary for the beginning stages of stabilization. Here there are often a few revelatory discoveries in the business, even for the more well established employees. There are usually some low-hanging-fruit “ah ha” moments, that can lead to short-term changes that make a real difference. However stabilization is not even close to being achieved after the Strategic Planning Phase. It is not until tools one to eleven have been implemented and practiced for some period - a few weeks to a couple of months - that stabilization can be achieved. These are represented by the areas back-shaded by the lightest green colors in the diagram. We will leave the Throughput Improvement Plan (TIP, Tool 12) for later in the discussion.

After a period of continued practice of the disciplines instilled with the first eleven tools, a business will enter a state of sustaining. Things run smoothly.

Having established the progressive, transitional nature of this time-domain, let’s examine it in the context of the other domains - environment and resources - first the environment.

As outlined in the 3P Gateway chapter, the environment emphases of Alignment, Transparency and Accountability (ATA) will take on differing levels of importance during the various states of improvement.

Time-Environment dependency matrix.

	Alignment	Transparency	Accountability
Stabilize	6	9	8
Sustain	7	5	9
Scale	9	7	7

Stabilizing Environment

During the stabilization state, it is essential that employees, particularly managers, can see what is going on. Without transparency, the true issues impeding throughput

will be much more difficult to find. If employees are more driven by saving face or avoiding confrontation than actually achieving improvement, progress may not even be possible. Therefore, the precursor to transparency is trust. For this reason the tagline of the Strategic Planning Phase of the VSOW process is “Building Trust.” Employees must be able to trust their managers that they will not be criticized or ostracized if issues in their area of responsibility surface. Likewise, the managers must trust in the truthfulness and commitment of the employees. There is a beautiful symbiosis that flourishes in this environment of trust. Without it, the water is tainted, the air is thin and life is unsustainable. Once an atmosphere of transparency can be established, the entire team needs to be able to commit to accountability. When something is needed of an employee, and he or she is equipped to provide it, it must be done so completely, accurately and on-time. When there is a break-down or an error, the atmosphere of trust is there for all affected and responsible to make it right.

Conversely, when an employee is unwilling to “step up” to his or her responsibilities and has been accustomed to this mode of working (or not working), this will soon become apparent, and when the stone has been turned over, the bugs underneath begin to scatter into a new hiding place. These employees often do not last very long in an atmosphere of transparency and accountability.

A business committed to improve and establish stability may be faced with the prospect of losing employees.

Sustaining Environment

In the state of sustaining a business, the emphasis and environment shifts to accountability and alignment. Accountability carries a strict connotation because of the fear of consequences. It may seem to some that in the environment of transparency and accountability that there may be “nowhere to hide.” When the inevitable mistake comes, or processes are not adhered to all that remains is to wait for the sirens and search lights.

What is learned during the stabilizing state is put into continuing practice during the sustaining state. *This includes managing deviations.* Non-conformance. Errors. Mistakes. Omissions. Failures. Call them what you will, *how these are handled is central to maintaining the necessary environment of transparency and accountability.* This comes back to trust. When employees can trust the leaders in a business to deal fairly and compassionately with shortcomings in performance, and work in a positive-reinforcing way with the employees, they are more likely to commit to, and act in transparency and accountability. When an employee has tools to improve upon these shortcomings and a path for success, provided and reinforced by leaders within the business, the environment can remain transparent and accountability can be

maintained. The VSOW Tools in the Toolkit are such tools by design.

This is a delicate balance. It can be compared to the Ph level in a pond. If the Ph value falls to low or rises too high, the acidity or alkalinity will have adverse effects on the fish, the frogs, the insects and the plants and trees. Indeed the environment must be sustained.

In addition to this balance of trust through transparency and accountability, the emphasis of alignment enters the picture in the sustaining state. The alignment of people, processes and projects can be tested and proven. The sustaining state is all about stability. When compared to driving in a car, transparency may represent the ability to see the road - a clear windshield, good visibility, good headlights in darkness, and of course unimpaired sight of the driver. Accountability is the soundness of the machine - a well-oiled engine (or, indeed a well aligned rotor with strong, stable magnets), a perfectly intact chassis - structure inside and out. Alignment is akin to the alignment of the car’s suspension and wheels. Everything between the hands and feet of the driver and the road is involved. This is tested in the turns, the changes in road crown, road surfaces, weather conditions and speeds.

Note the introduction of a control zone in the sustaining state in State Diagram 2. Here, the observation of the business continues. But now that the business has been stabilized, the effects will be more consistent. Here, they can also be repeated for verification. What is learned in the stabilization state can be re-applied, corrected, refined and codified (for example, capturing them in Procedures as with VSOW Tool 8). These procedures and processes are monitored using lead and lag measures in the Scoreboard (VSOW Tool 7). In the environment of accountability, the various linkages in the business can be brought into better alignment. In this diagram, we see the two yellow diamonds, “Got it” and “Prove it.” Entrepreneur Elon Musk stated out of his experience with Space-X and Tesla, “It’s relatively easy to make a prototype but extremely difficult to mass manufacture a vehicle reliably at scale.” The Stabilization State is the prototype, the Sustaining State is mass manufacturing. The next state is Scaling - increasing the volume substantially.

Scaling Environment

Like a teenager who cannot wait to get the keys from mom or dad, and have the chance to “see what this baby will do” once around the corner from home, there is an anticipation and excitement about scaling. Like the feeling of upward thrust at takeoff from a runway, it can be exhilarating. But before this feeling can be experienced, there is a lot of hard work amidst the ground crew, training of the pilot, maintenance of the airport and the airplanes, and tickets to be paid - all analogous to the stabilization and sustaining states.

During the scaling state, the emphasis and environment shift to alignment. This

Chapter 3s - Stabilize, Sustain, and Scale

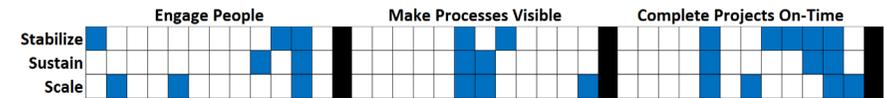
starts with strategic alignment. What good is it to be able to increase speed when driving in the wrong direction? Is the plan of scaling aligned to the business strategy? Does this all make sense? Here, the Strategic Planning Sheet and the 3 Questions (VSOW Tools 2 and 4) are essential. These should be revisited periodically, and certainly in greater detail before embarking on a state of scaling the business. Further, the financial alignment must be proven. This is done with the Break-Even Analysis in VSOW Tool 3, recalling that this analysis is based on the principles of Throughput Accounting, not cost accounting. What effect will the plan of scaling the business have on the Break-Even - on the net profit? How will the revenue, cost of sales, and - over time - the operating expenses be impacted?

While the main emphasis lies with alignment, it is important to maintain transparency and accountability. The Scaling State is highly adaptive. For adaptations to be identified, planned, implemented and verified (or Plan/ Do/ Check/ Act), transparency allows for these steps to be ideally observed (Checked) and accountability allows them to be done and adapted (Do and Act).

Once these aspects are addressed to full satisfaction of the business leaders and the employees, now it is time to take the on-ramp onto the highway and to accelerate. The business is going to reach speeds it has never achieved before - is it ready? Like the brave souls aspiring to break a land speed record, the employees of a business will experience new situations as the business scales. The reactions to these situations is akin to stabilizing, indeed it may result in an iterative process of increasing speed and making stabilizing adjustments. The patterns learned in the Stabilizing State and Sustaining State all serve as experiential points of reference – the control zones are particularly useful. What has been captured in these dynamic states may come into frequent use here. The reactions of the business to conscious changes and attentive observation will be needed, but will certainly need to be adapted as they are applied. The procedures must be quickly adapted to the current realities, while not abandoning the principles upon which they are based and which were proven in the Sustaining State.

Resource Use in the Changing States

Having addressed the relationship between the time-domain (3S's) and the environment (ATA), let's move to the relationship between the time-domain and the resources - the 3Ps: People, Processes and Projects. The Time-Resource dependency matrix can help us to visualize this. Each colored cell represents the significant use of one of the related VSOW Tools during the respective states.



Time-Resource dependency matrix.

While the use of all resources is consistent throughout the different states, as indicated in the 3P Gateway chapter, some relevant observations can be made.

First, people-focused aspects are always and uniformly present. From making the Organizational Structure visible and transparent to regular meetings to manage the processes and projects, the focus on people is consistent from Stabilization onwards.

Stabilization has a particular emphasis on projects. These may come hard and fast in the initial stages of Stabilization, as urgent issues need to be addressed in a disciplined manner. We see this with Project Planning Sheets (VSOW Tool 5), Task Matrices, establishing and developing Procedures and following progress in Navigation Meetings captured in the Meeting Matrix (VSOW Tool 11).

In the Scaling State, everything comes into play. People are in place, and prepared. Processes are established, proven and monitored using the Scoreboard (VSOW Tool 7), and Project Planning Sheets (VSOW Tool 5) are used to lay out a plan for improvement. All of these elements are initiated through opportunities uncovered using the Throughput Improvement Plan (TIP, VSOW Tool 12).

Scaling a business will usually be taken in waves. While sustaining will produce smaller, incremental improvements in throughput, scaling is a larger step function. After the first wave of scaling, a business has a better expectation of results and effects. These waves can be planned and implemented *ad infinitum*. Waves of scaling with interim periods of sustaining provide a long-term growth strategy for businesses.

Chapter

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Conclusion

“Everyone wants to contribute. Trust them. Leaders are everywhere. Find them. Some people are on a mission. Celebrate them. Others wish things were different. Listen to them. Everybody matters. Show them.”

— *Bob Chapman, CEO, Barry-Wehmiller and Founder, Chapman & Co. Leadership Institute*

Conclusion

This book provides the backdrop the VSOW, underscoring respect for people, and the impact of VSOW - getting better fast, making money and generating cash. It lays out the elements required to create an environment where people love to come to work, and where business owners can step out from under the clouds of difficulty, uncertainty, and frustration into the sunlight of hope.

Bringing the VSOW Foundations back into focus, we see the VSOW Mission and its important aspects – participation, work environment and shared success, and how these are aided with the VSOW guiding principles.

Domains

The concepts of Environment, Time and Resource Domains are introduced in the Introduction, explaining in the 3P Gateway, and detailing in the following chapters including the development, principles, and examples. Each of the VSOW Tools, which are outlined in detail in the Visual System of Work Toolkit book, is given context within the domains to make them easier to apply.

An important aspect of environment is transparency, and an important aspect of transparency includes the Break-Even Point in a business – “The Beginning of Winning.” This is examined further in Chapter 2, explaining its use in positioning the business within the Time Domain: in which state is the business right now? This and other methods to foster transparency are examined in the chapter, including concepts used by the Great Game of Business.

People

We look at the first “P” – People: the notion of *Engaging Your People* is explained from its development through inspiration from Charles Dygert and support from Dale Carnegie with the specific example of the use of *VSOW Tool 2 – The 3 Questions*. Examples of engagement are given from David’s work with ASI and his interaction with Ishikawa’s book, *What is Total Quality Control?* as well as the case study of engagement at New Boston RTM.

Processes

A historical look and development of project management gives us a look at the second “P” – Processes. Larry Sullivan and his interaction with Dr. Deming gives some insight into elements that were later utilized in the VSOW to help Whirlpool and Miele to manage their processes by making them visible.

Projects

The third “P”, Projects, is examined in Chapter 5 by following the development and use of the Project Planning Sheet (5W2H) and its application at Ross Mortgage and Fish & Associates.

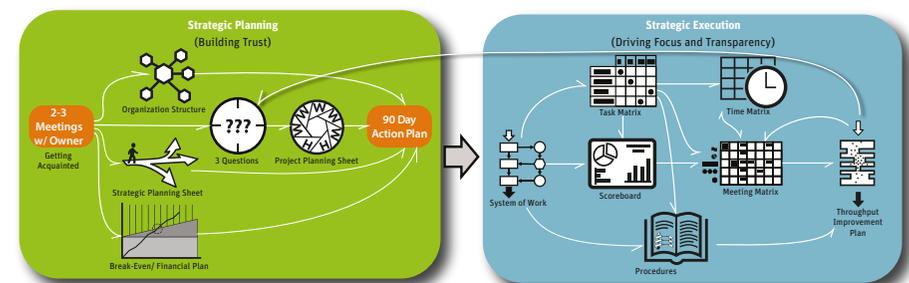
Changing States

Next, the Time Domain was discussed in more detail in Chapter 6, *Changing States: Stabilizing, Sustaining, and Scaling a business*. Each of these stages are described including a graphical depiction, and then placed within an overview – the *State Diagram*. From this, the notion of *Control Zones* is introduced to help business learn from the Stabilizing and Sustain stages to apply later when endeavoring to Scale the business. Then the relevance and

importance of the working environment in the various States is examined to help determine where focus can be placed in each State.

Implementing the Twelve VSOW Tools

Having all this in view, we are equipped to understand the implementation of the VSOW Tools much better, making it a powerful compliment to *The Visual System of Work Toolkit* book. Further, the concepts outlined above help to create a dialog – a shared understanding, thereby building trust within the business, and also driving focus and transparency. When establishing these practices, and navigating the flow through the VSOW tools (see diagram, below), the employees discover how the business can run better, make more money and generate cash. With this, the success of the business becomes the success of the individual employees. Now you, the reader, should be in a much better position to apply the VSOW Tools for these results!



“Change is hard because people overestimate the value of what they have and underestimate the value of what they may gain by giving that up.”

— James Belasco and Ralph Stayer, authors of [Flight of the Buffalo](#)

Chapter

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Afterword

“All of the great leaders have had one characteristic in common: it was the willingness to confront unequivocally the major anxiety of their people in their time. This, and not much else, is the essence of leadership.”

— *John Kenneth Galbraith, Canadian-American economist, diplomat*

Afterword



Joe Hart

The Visual System of Work helps a business owner and the employees around him or her to see through the whirlwind of everyday activity to focus on what matters. This requires an understanding of the business strategy and the challenges the organization faces, and then an effective way to communicate concerning these elements throughout the business. The ability to transform business complexities into simple terms and to go from abstract to visual is achieved by posing good questions. The VSOW tools facilitate just that. I saw this personally when David Lord first came to lead a one-day executive retreat at Asset Health. After he quickly helped us define core areas of focus and the

key actions which we needed to take to achieve sustained improvement, we decided to continue with him and go deeper.

Involving the team to define the System of Work to understand the business better – specifically the workflow and how it could be improved – has tremendous power to direct the team toward the areas of greatest impact and has a wonderfully unifying effect among the team members. This, in turn, fosters a new level of communication among the members and throughout the business. Communicating, then, on an individual level to understand each team member’s responsibilities and struggles provides the necessary transparency to see and address bottlenecks. Subsequently, output quality and client satisfaction rise – evident in our sales processes at the time of our engagement with David and the Visual System of Work implementation.

This process and its principles center around people – that is where VSOW and Dale Carnegie touch. Dale Carnegie’s mission is to impact as many lives as possible through the transformational, self-improvement experiences only we offer – and the VSOW draws upon each individual to provide input and to make them successful. This all contributes to the *Environment Domain* introduced in the VSOW Mission – “Create a Quality Work Environment” – and expanded in the 3P Gateway through fostering alignment, transparency, and accountability. Transparency throughout the business helps to stabilize it, accountability helps sustain the business and alignment works to enable the scaling of the business. It all starts with the people: the valuable Resources described in the Gateway chapter.

Just as we experienced significant improvements at Asset Health, and later at Dale Carnegie, using the Visual System of Work by creating a transparent environment for change and improvement, these tools and this method can help your business improve. If you are willing to share the vision of the business – into its details – with your employees to focus them visually and unify them in communication, great rewards await.

Joe Hart

President/CEO, Dale Carnegie & Associates, Inc.



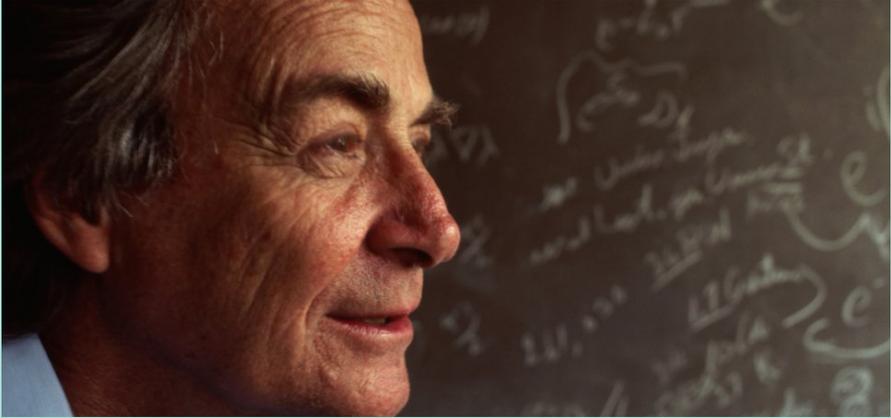
Joe started his career as a practicing attorney focused on contract-related litigation at two prominent law firms. In 1998, he joined The Taubman Company, ultimately became a Development Director. In 2000, he started an innovative, angel-backed e-Learning company called InfoAlly, which developed digital learning solutions for businesses such as Dale Carnegie, McGraw-Hill, Motorola and Federal Mogul.

After selling the company in 2005, Joe, together with InfoAlly’s new owners, started [Asset Health](#), a technology/ health promotion and training company serving numerous Fortune 1,000 companies and nationally recognized health systems. Joe led areas of strategic and operational leadership, product design, direct and third-party sales, legal and client service.

In 2015, Joe became the President / CEO of [Dale Carnegie](#), worldwide leader in professional development and employee engagement, which has had a profound and transformational impact on Joe’s life.

“Any fool can criticize, complain, and condemn—and most fools do. But it takes character and self-control to be understanding and forgiving.”

— Dale Carnegie, *How to Win Friends and Influence People*



"No idea is true just because someone says so. Test ideas by the evidence gained from observation and experiment! If a favorite idea fails a well-designed test, it's wrong!"

— *Richard Feynman, American theoretical physicist,
Nobel Prize winner 1965*