Global Town-hall Meeting

with

David J Anderson

Sponsored and hosted by –

Swift-Kanban

Mountain View, CA

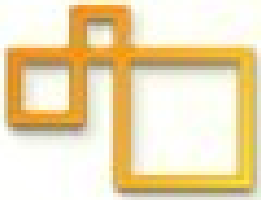
Nov 8th, 2012

Attendee Guidelines

1. Please have your questions ready.
2. To ask your question, use the Q&A box or raise you hand by clicking on the “Hand” icon.
3. The moderator will ask your question or pass the microphone to you in the sequence in which questions are asked.

Brought to you by:

David J Anderson & Associates, Inc.



Swift Kanban

Agenda:

- Introductions
- A Quick word from the Sponsor
- David Anderson: State of Kanbanland 2012
- Town-hall Meeting – Q&A
- Wrap-up

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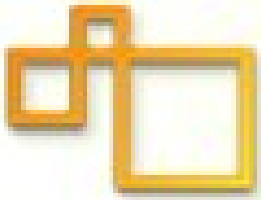
& Associates, Inc.



Swift
Kanban

Today's Panelists

- David Anderson, CEO, David J Anderson & Associates

Host

- Mahesh Singh, Co-founder, Sr. VP – Product, Digite, Inc.

David J Anderson & Associates, Inc.

Swift Kanban

A Quick Overview

Swift Kanban from digité

- A Pioneer in Web-based Collaborative Products/ Solutions for Geographically Distributed Teams
- Headquartered in Mountain View, CA
- Over 300,000 users in the Americas, Europe, Asia/ Pacific
- Products that cover Lean/ Kanban, Agile ALM, Project/ Portfolio Management
- Swift-Kanban is our flagship Lean/ Kanban product.
- Named by Gartner in ALM Market Scope report and other ALM documents

Key Customers

Swift Kanban from digité

T-Mobile Get more from life

AVIVA Life Insurance

Envision Financial

MetLife

HCL TECHNOLOGIES HCL

iwis wir bewegen die welt

UNISYS

Virtusa Conceive. Transform. Optimize.

Infosys POWERED BY INTELLECT DRIVEN BY VALUES

Tech Mahindra IT Services and Telecom Solutions

MAGNETI MARELLI

Fiserv

KPIT Cummins Infosystems Limited

SONY Sony India

D&B

SUBEX AZURE ...Powering the ROC

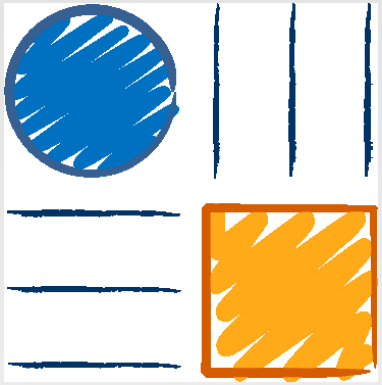
AddressVision A Groupe Bull Company

Some Pointers for today's Webinar

- Questions will be taken via Q&A box or 'on-air'.
- Please enter your question in the Q&A box on the bottom right of your screen. OR
- Please request for the Mic using the "Hand" icon – and you will be passed the microphone in the appropriate sequence.
- To the extent possible, questions will be grouped and responded to jointly.
- To ensure maximum coverage, please limit questions to 1 at a time.
- At the end, any remaining time will be used to take up additional questions.
- The webinar will be recorded; recording will be made available after the meeting.

David J Anderson
& Associates, Inc.

OVER TO DAVID….



State of Kanbanland

Thoughts from October's Lean Kanban European Tour

WIP Controls
Little's Law
Kanban Liquidity
Kanban Kata

Swift Kanban Webinar,
November 8th 2012

dja@djaa.com, @agilemanager

Webinar @swiftkanban

David J Anderson & Associates, Inc.

Agenda

- Donald Reinertsen – WIP Controls (key note)
- Daniel Vacanti - Using Little's Law Properly
- Kanban System Liquidity
- Hakan Forss - Kanban Kata
- LKU Accredited Training Program

- Reference Material
  - http://www.lean-kanban.eu/sessions/
  - http://www.lean-kanban.eu/visual-facilitating/
  - http://www.lean-kanban.eu/program/slides/

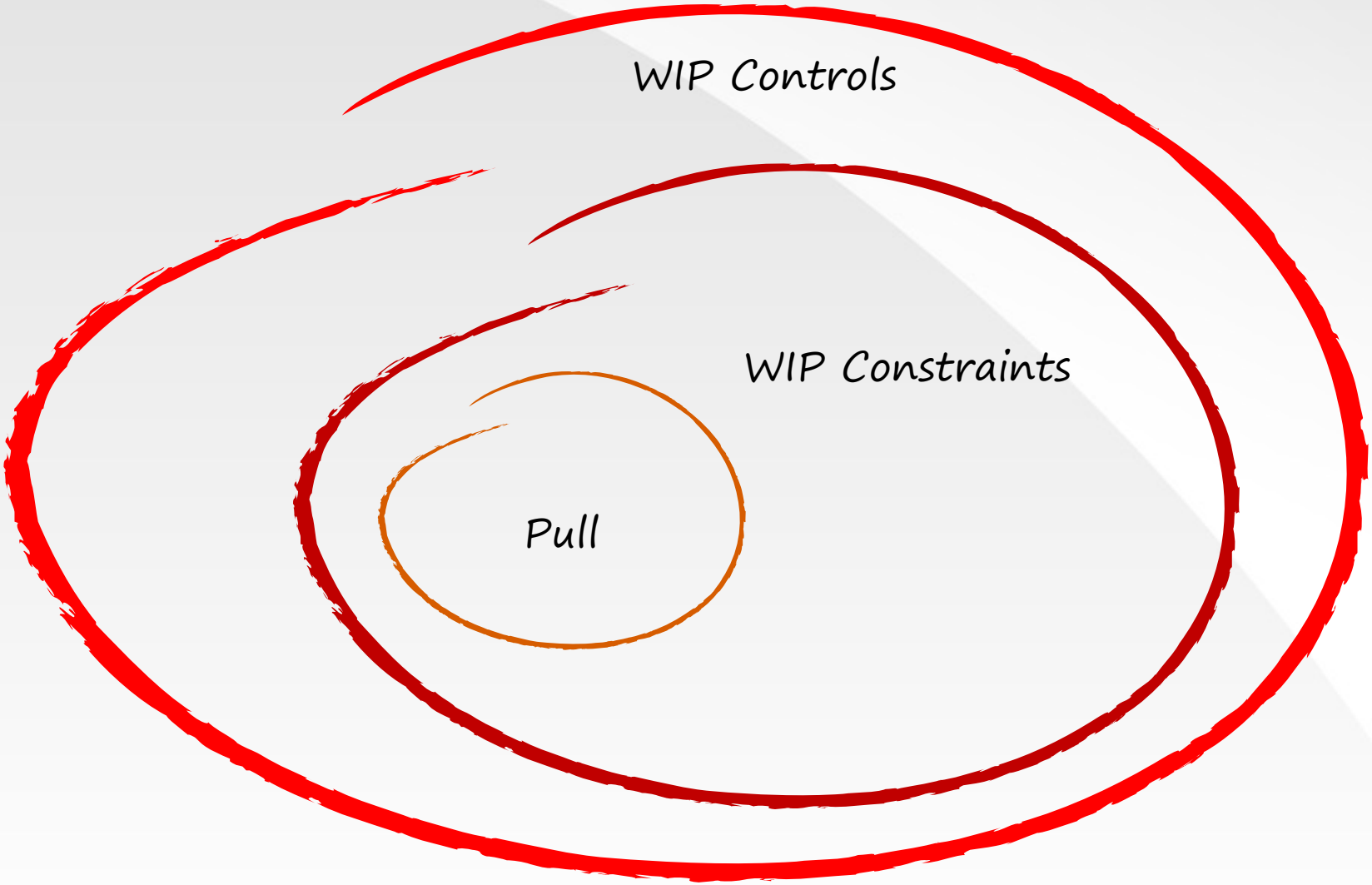
Lean Kanban European Conferences

- Lean Kanban France
  - Paris October 18-19
- Lean Kanban Central Europe
  - Vienna October 22-23
- Lean Kanban Netherlands
  - Utrecht October 25-26

- Key note speeches from Stephen Parry, Steve Medland, Donald Reinertsen, David J. Anderson, Dave Snowden

WIP Constraints & Controls

WIP Control Concept



WIP Constraints

- Prevent Systems from entering high queue states
- Significant cycle time benefits at relatively low cost
  - But generate blocking costs and under-utilization
- Span of the WIP constraints
  - Local Kanban
  - Global CONWIP, DBR/CapWIP
- Larger spans cause feedback delays leading to long (learning) loop closure times

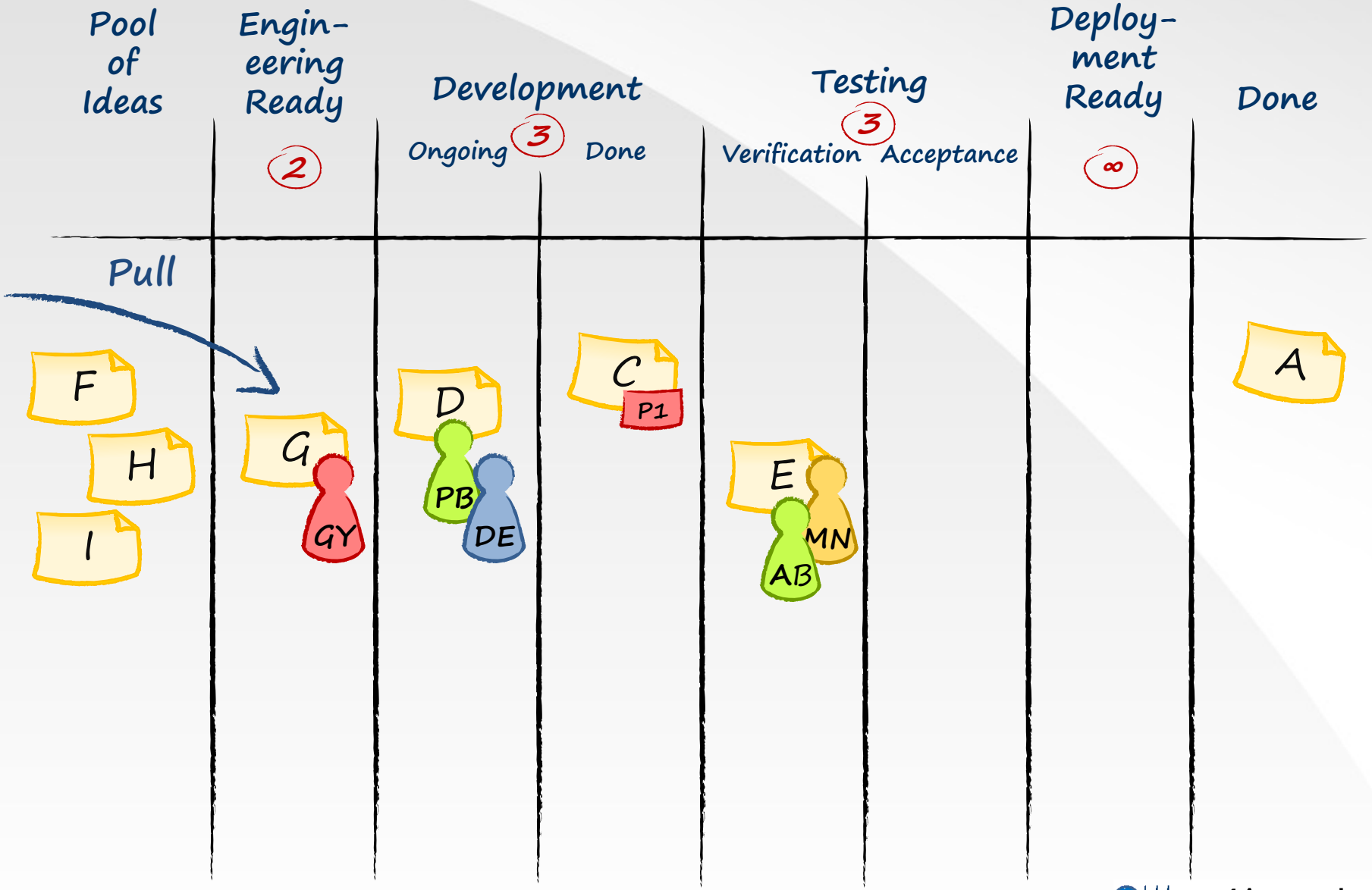
WIP Controls

- Policies tuned to domain risks to control the dynamic adjustment of WIP constraints
- Demand focused approaches incl
  - Block entry (Toyota Kanban)
  - Purge WIP
- Supply focused approaches incl
  - Resource pooling, T-shaped workers, Part-time workers, Flexible Experts, Cross-training
- Mixed focus

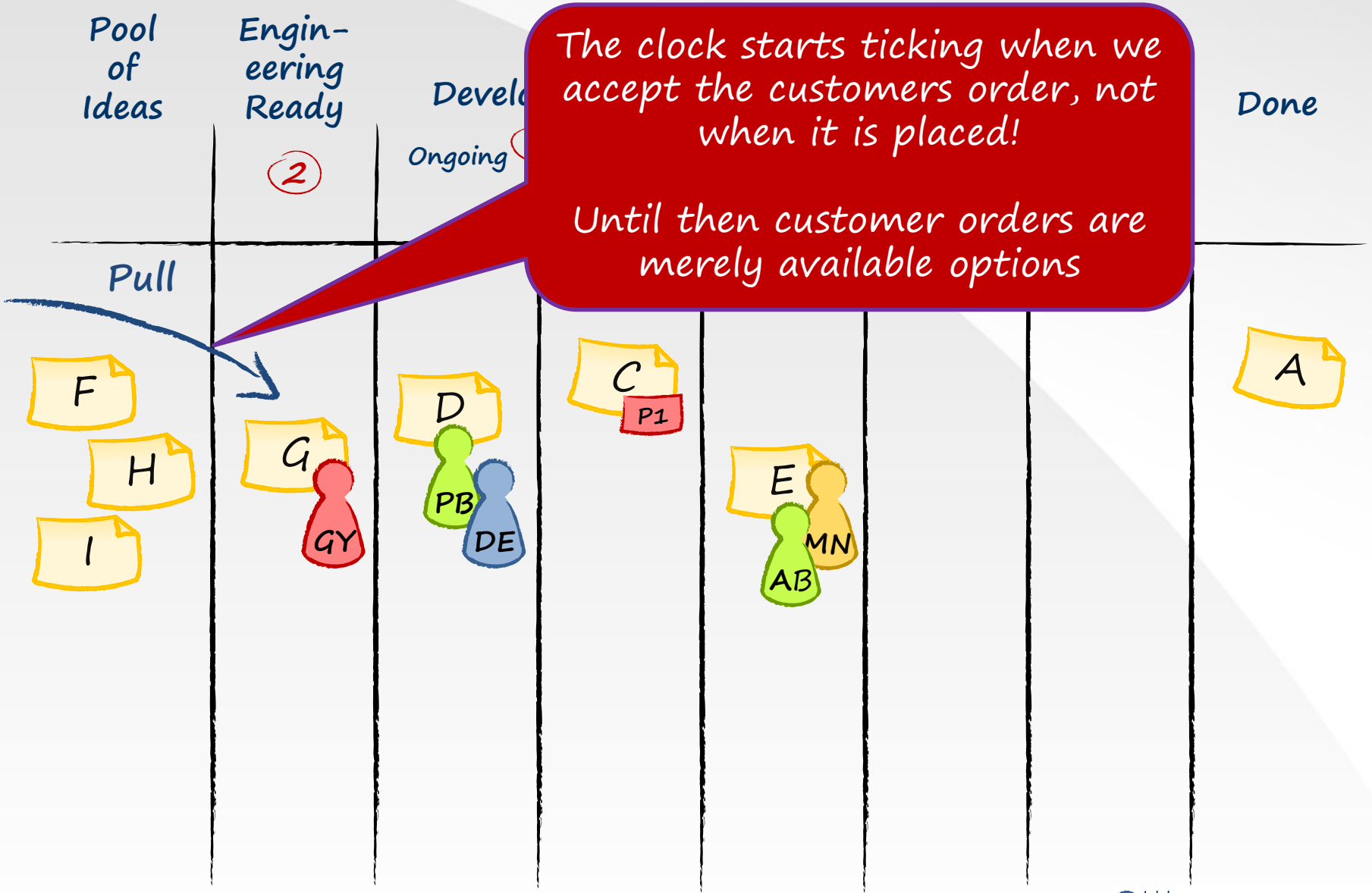
Kanban Method (for knowledge work)

Little's Law

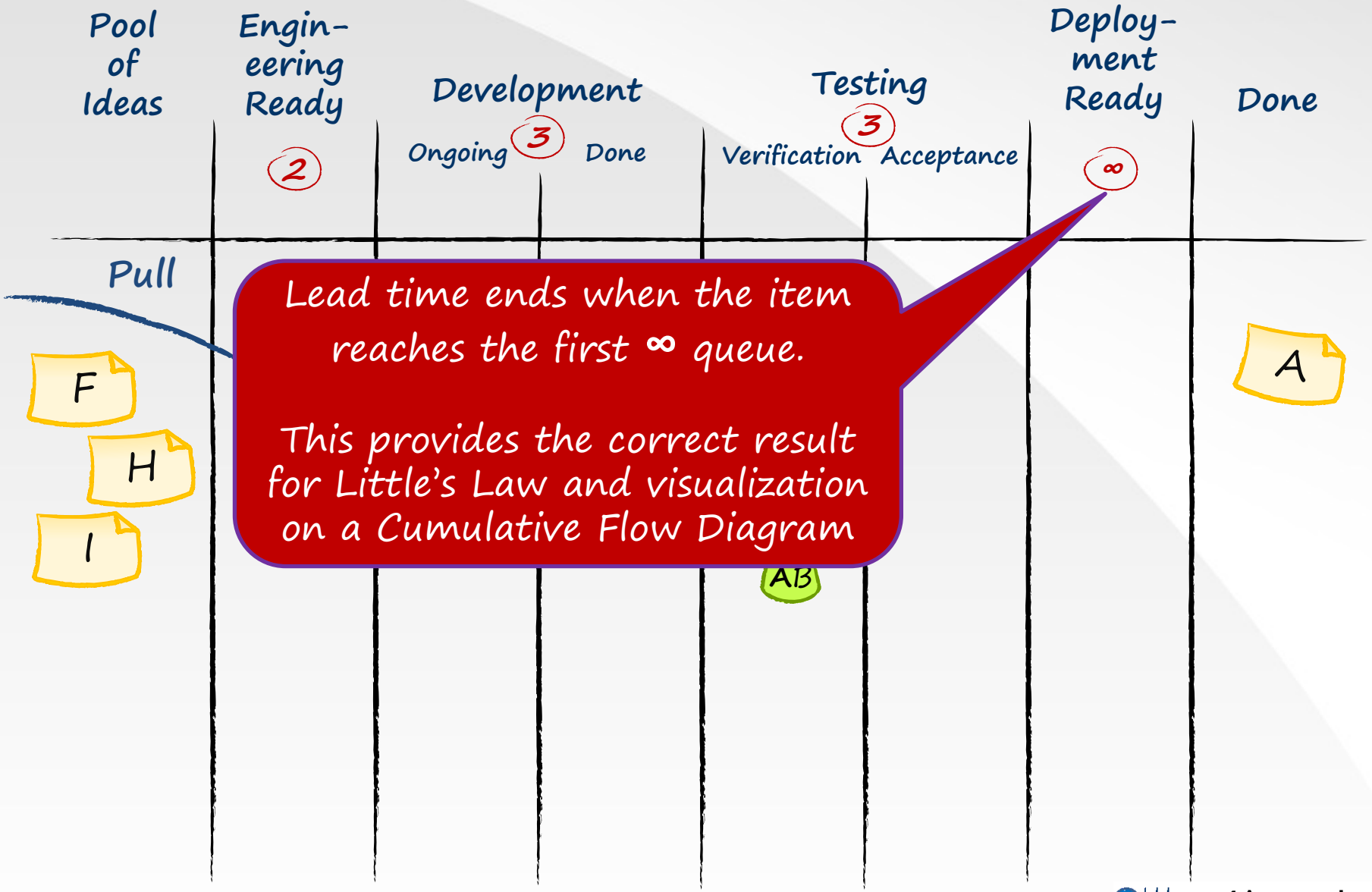
Defining System Lead & Cycle Time



Defining System Lead & Cycle Time



Defining System Lead & Cycle Time



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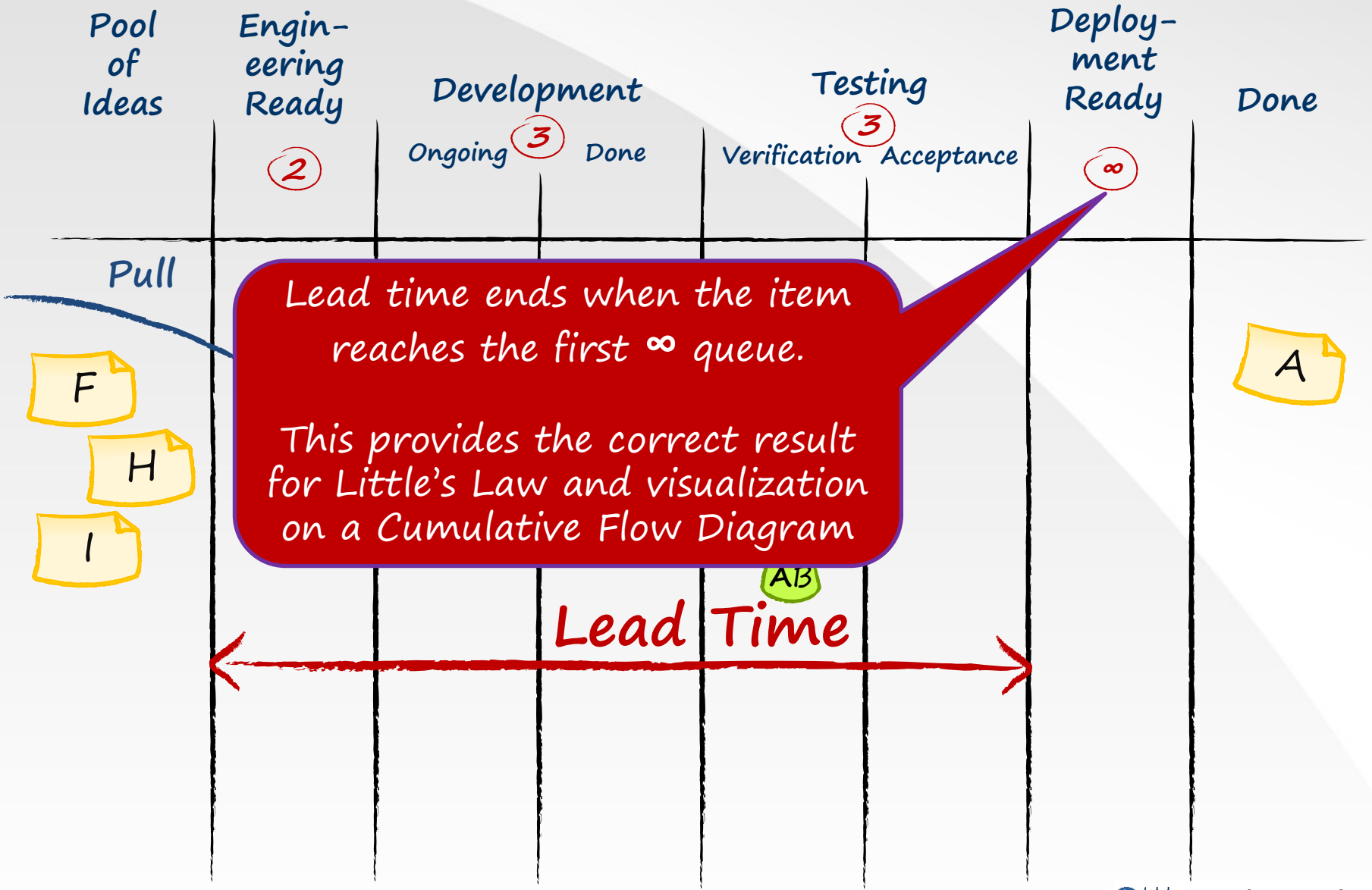

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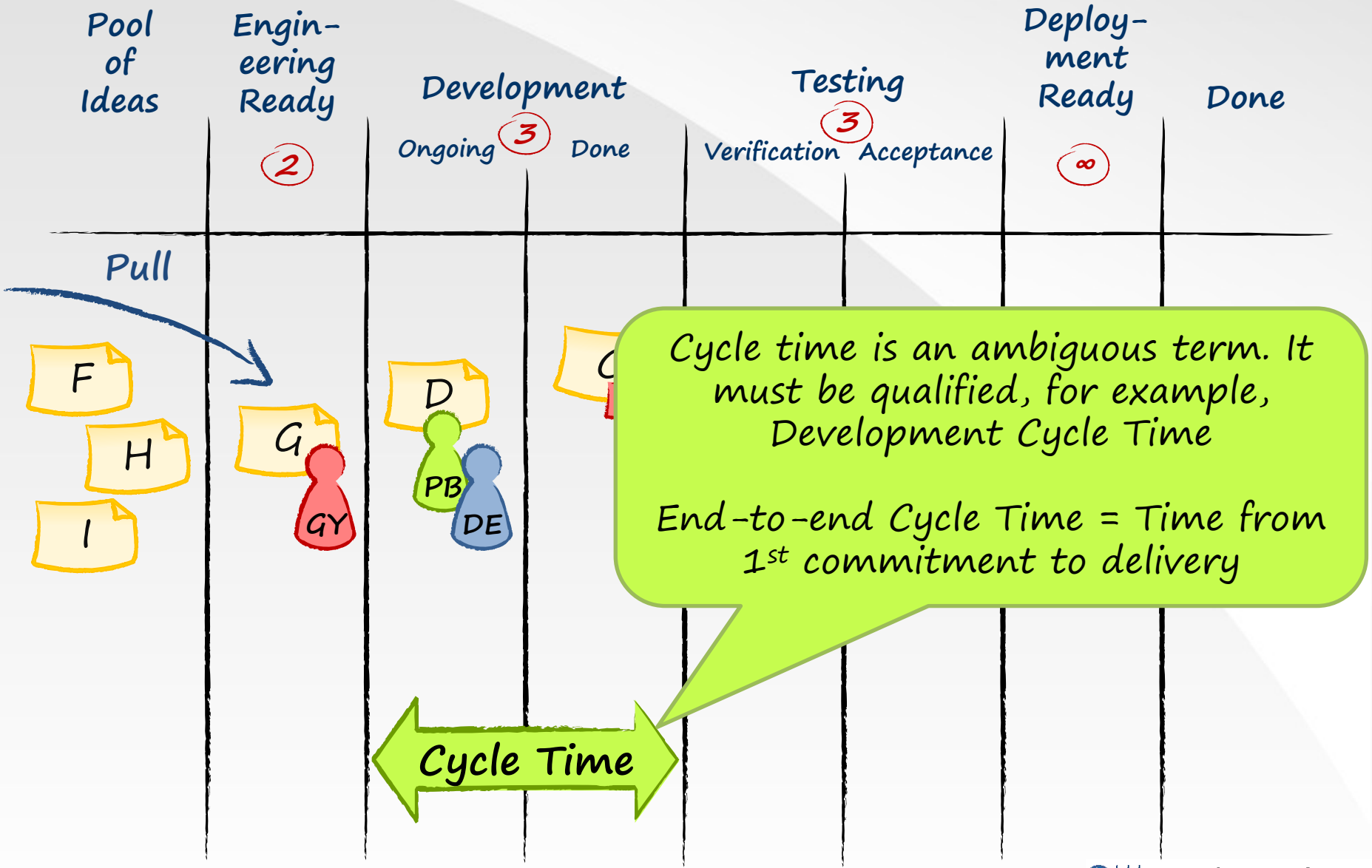
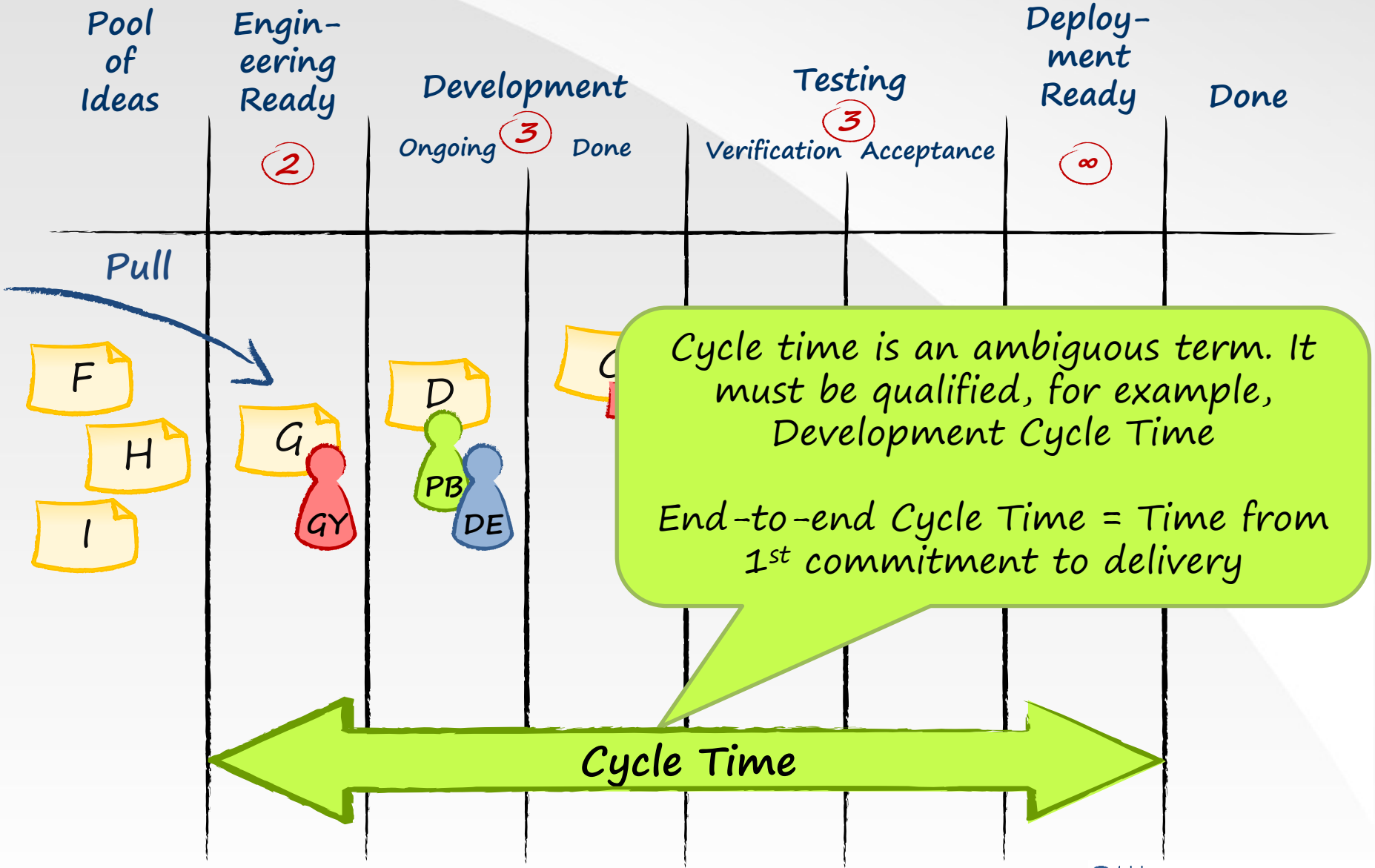
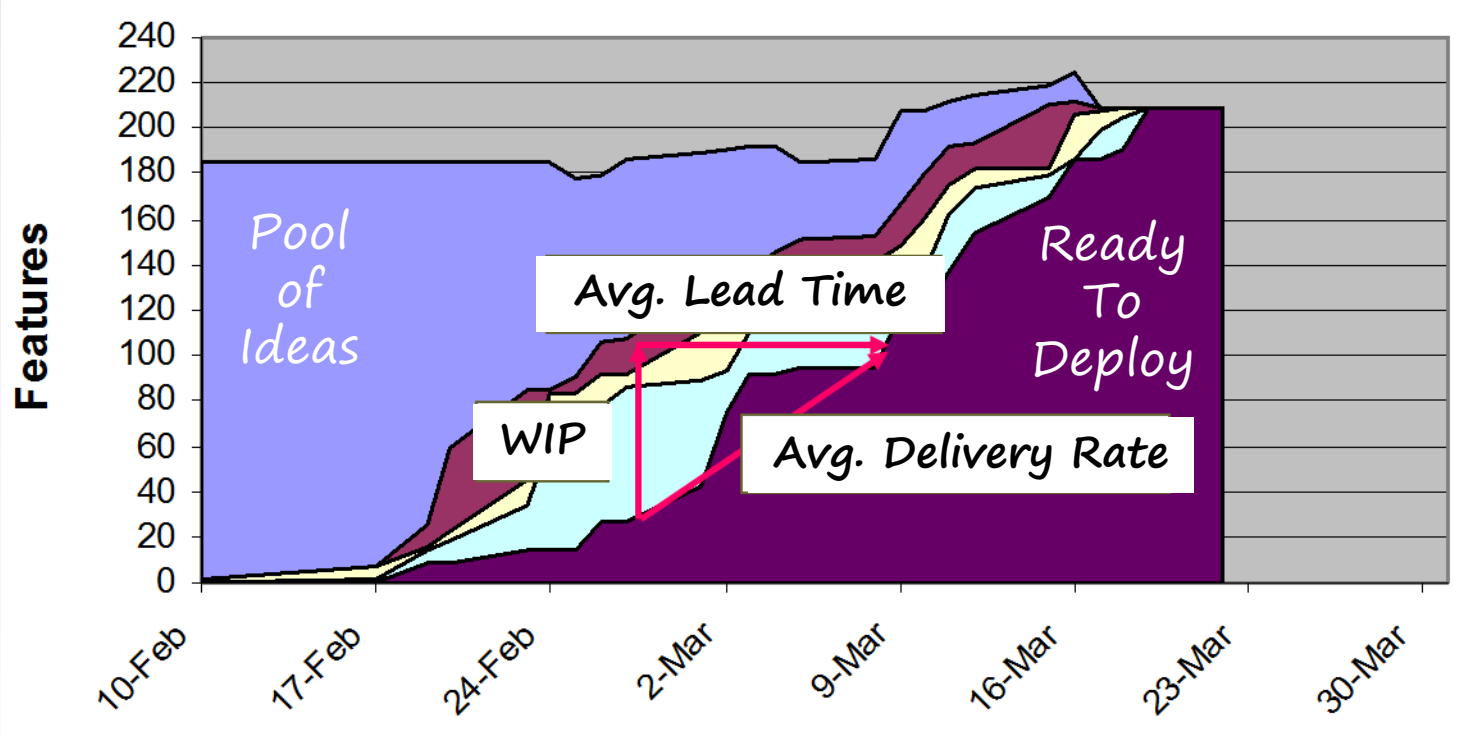


Defining System Lead & Cycle Time



Little's Law

$$\frac{}{\text{Delivery Rate}} = \frac{\text{WIP}}{\frac{}{\text{Lead Time}}}$$



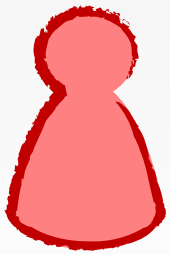

Little's Law:
Avg. lead time = Avg. WIP / Avg throughput
Based on this
Little's Flaw
DANIEL VACANTI
1. All measurements are consistent units
2. All items that enter a system - get completed & exit
3. Avg. arrival rate = Avg departure rate
4. Avg. age of WIP is not increasing or decreasing.
5. Avg. amount of WIP is the same at the beginning and end.
That makes little's law work - helps you guide your process...
© kommunikationslotsen.de Christoph Illigens

Kanban System Liquidity
(some currently experimental work)

Where is the best place to place a work order to best manage risk?

Investment bankers know how to answer this question! They prefer to place orders in liquid markets. In a highly liquid market they have trust that an order will be fulfilled accurately, quickly and at the correct price.

Highly liquid markets are markets with a high level of trust. High liquidity inherently gives us high confidence in the market.



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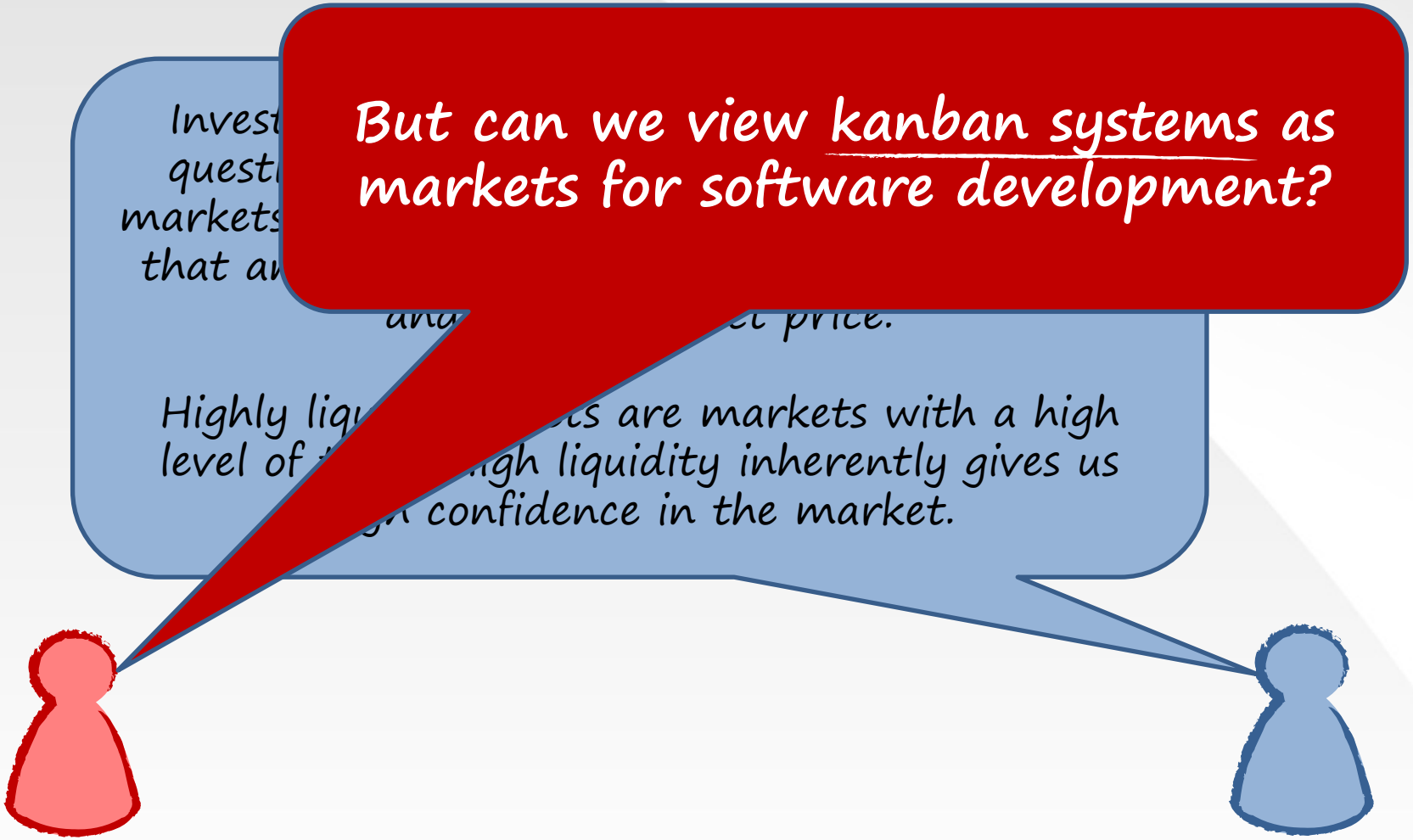
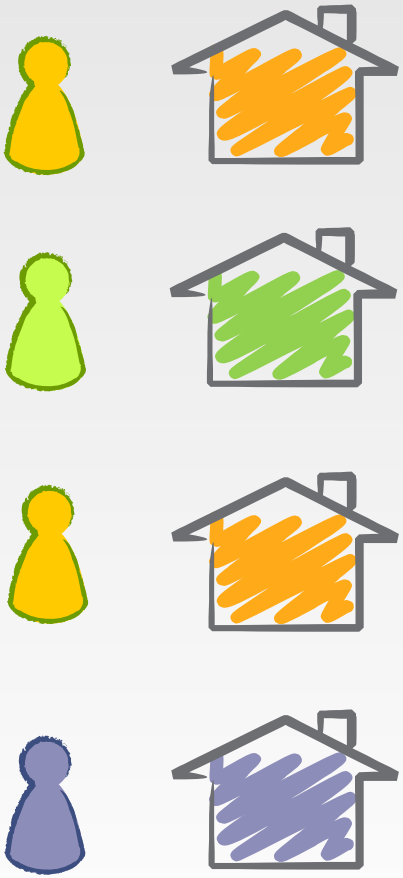
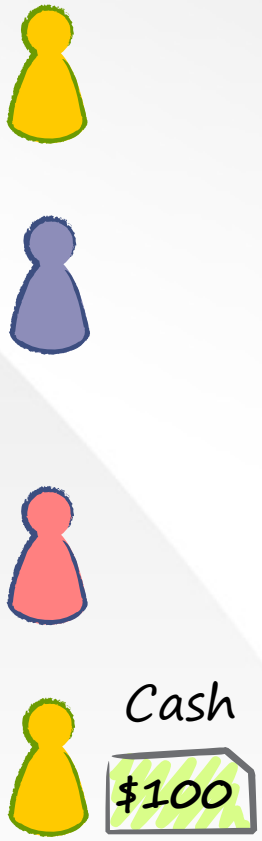


Liquidity in the housing market

Sellers



Buyers



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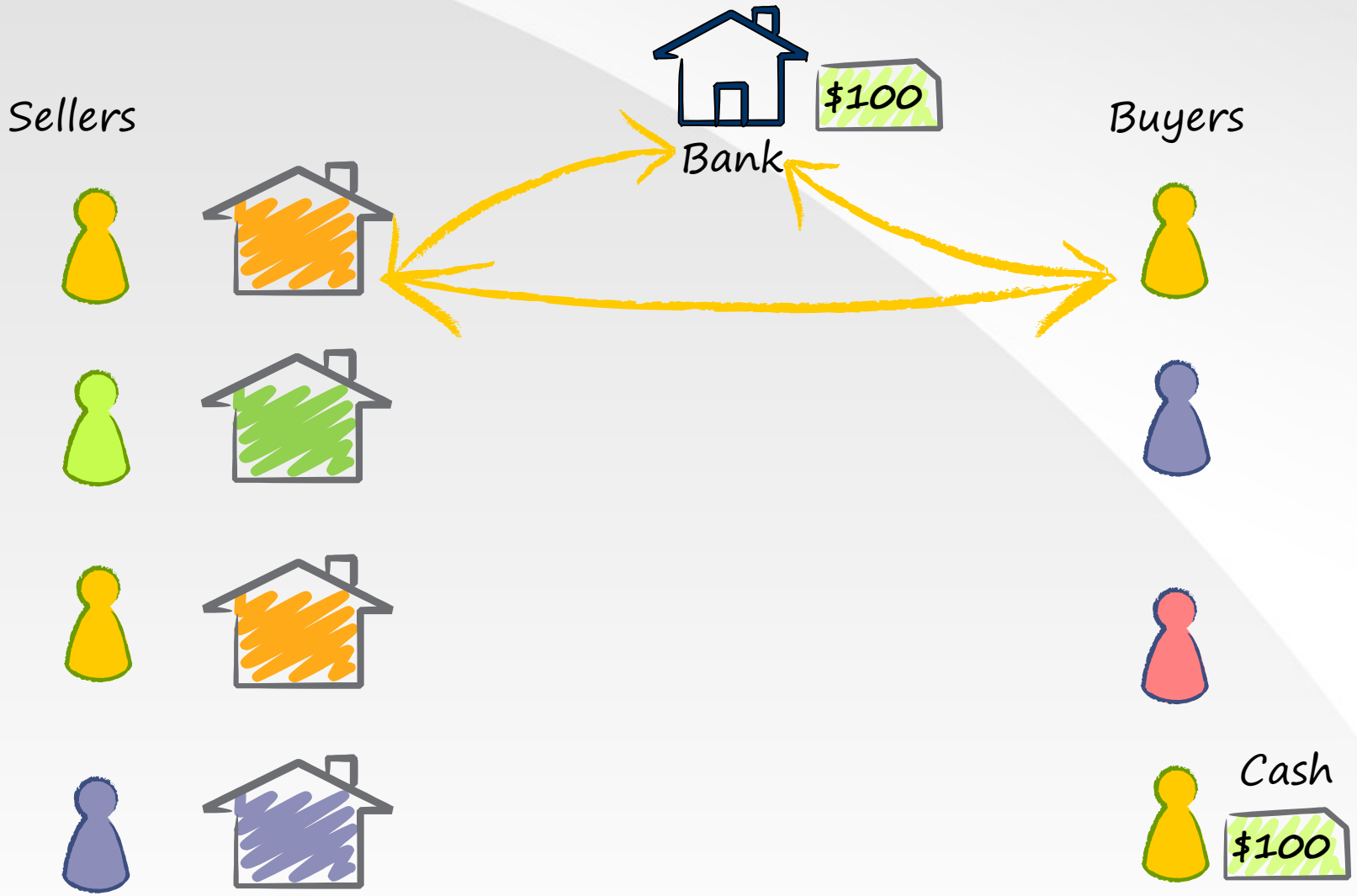

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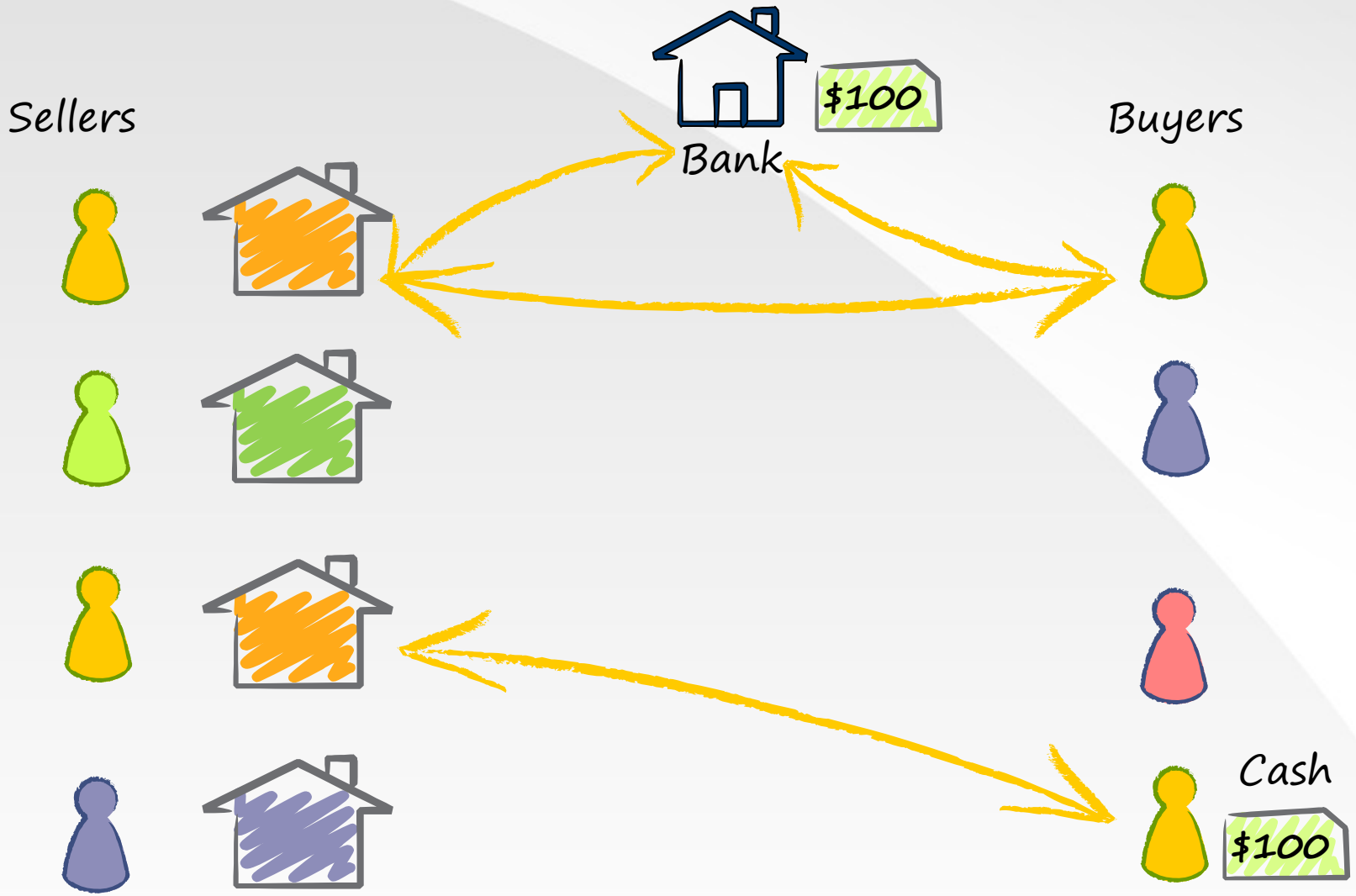
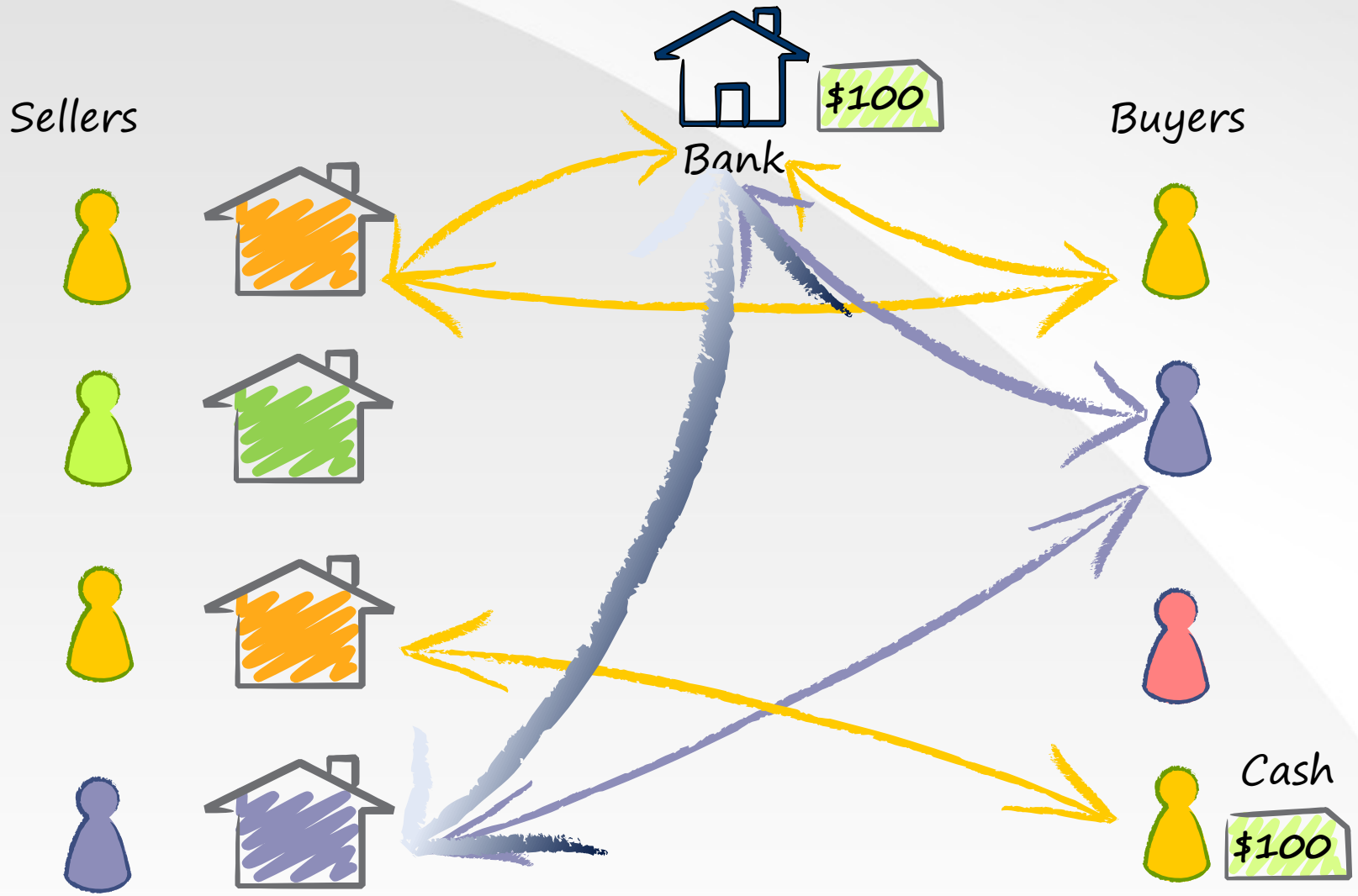
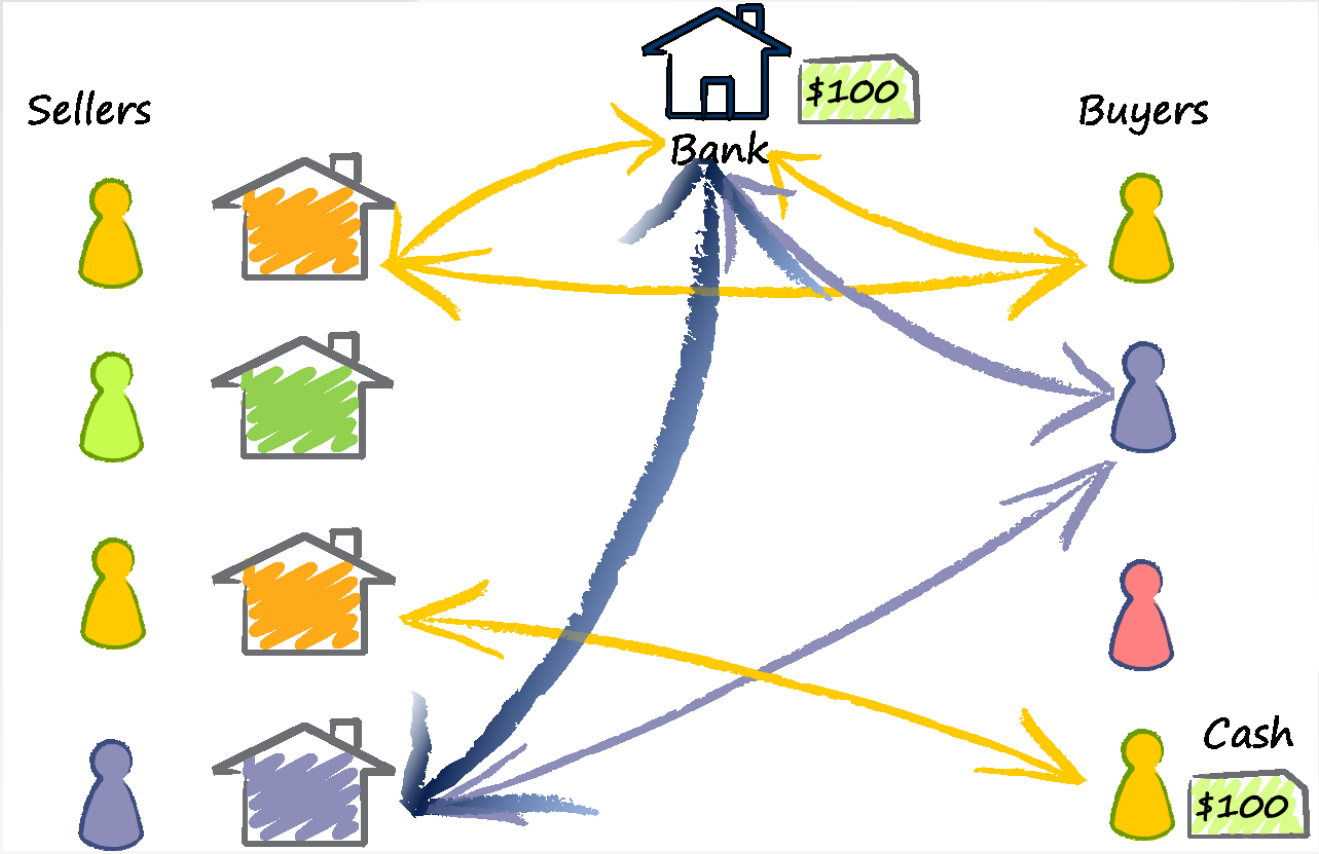


Liquidity in the housing market



Measuring Liquidity



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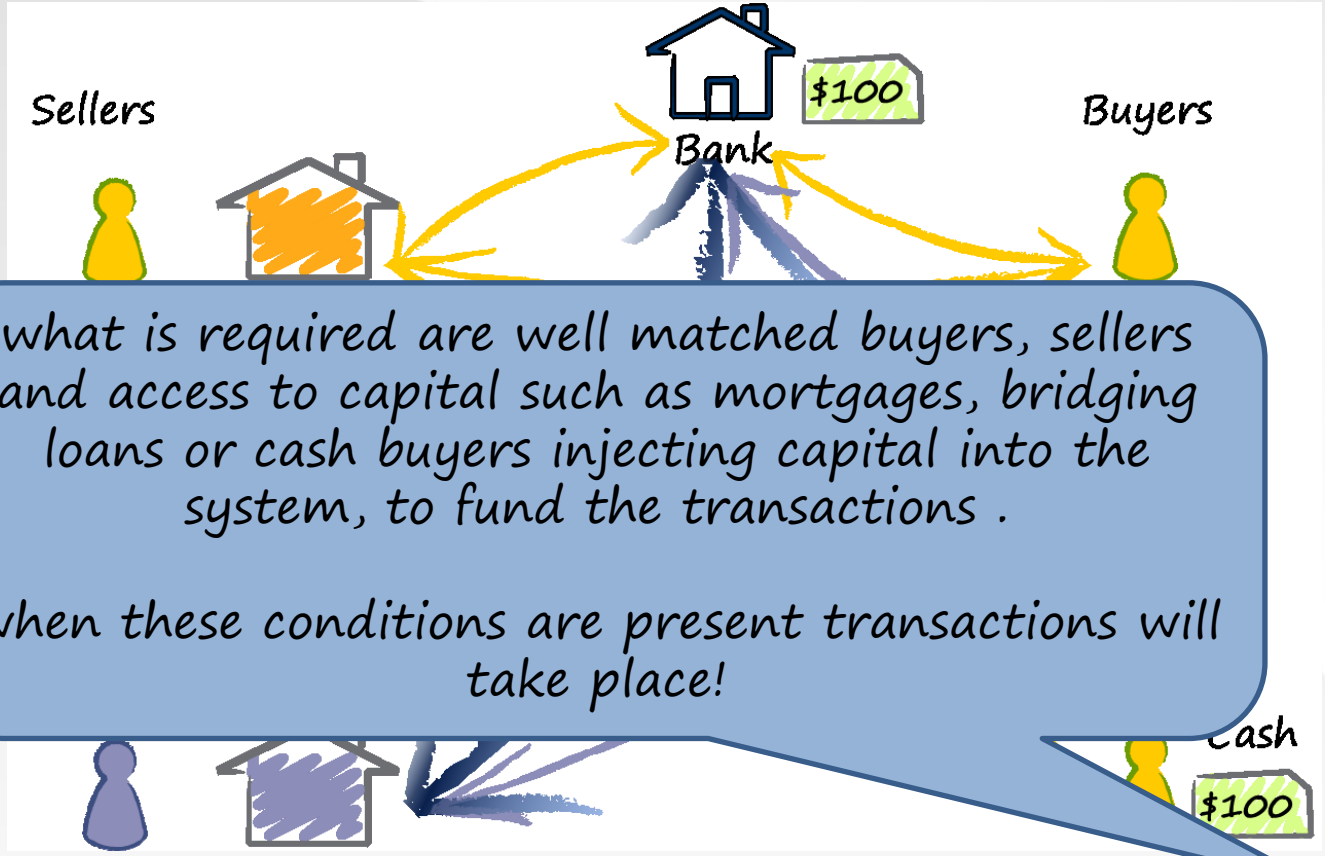
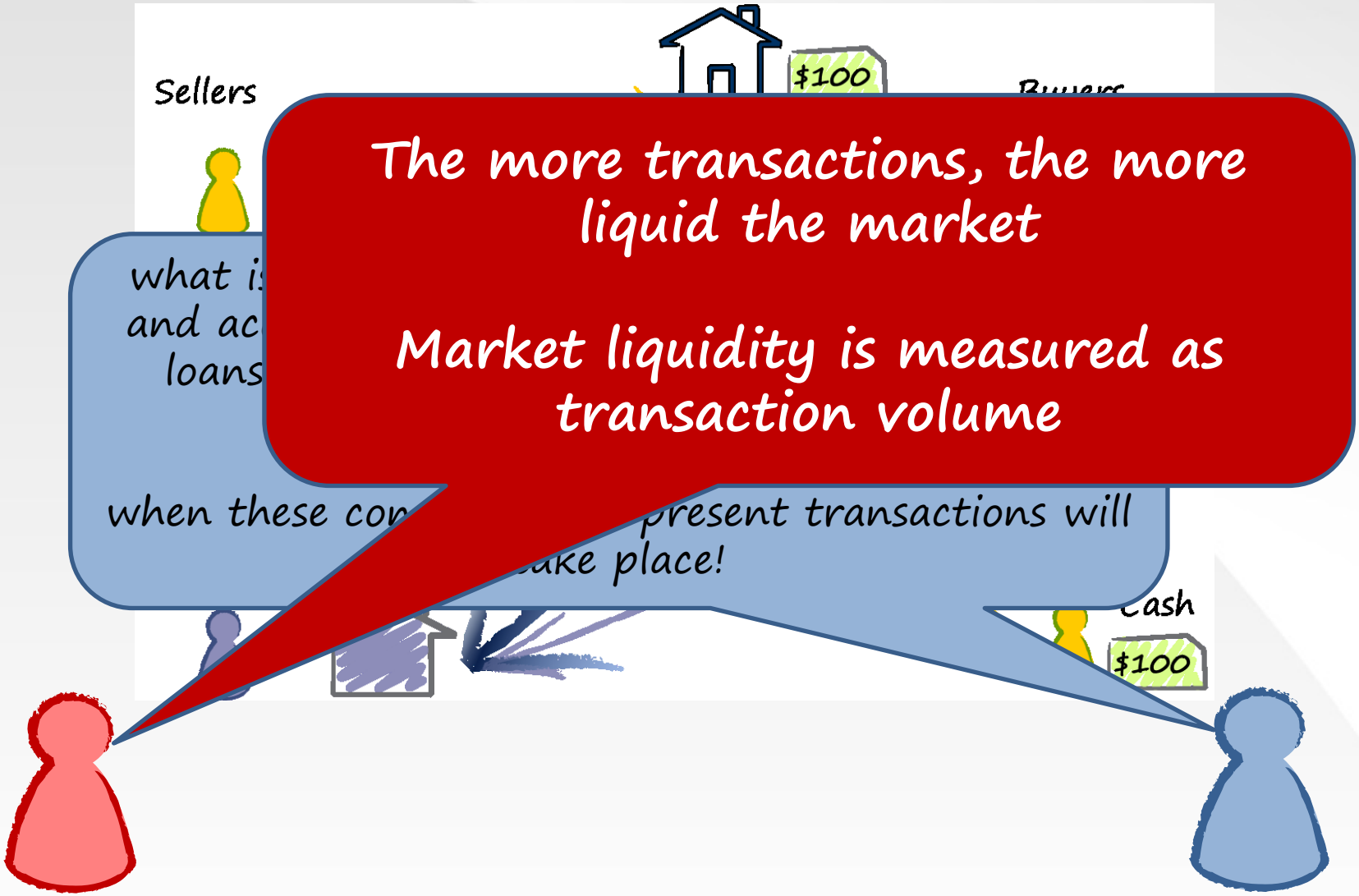
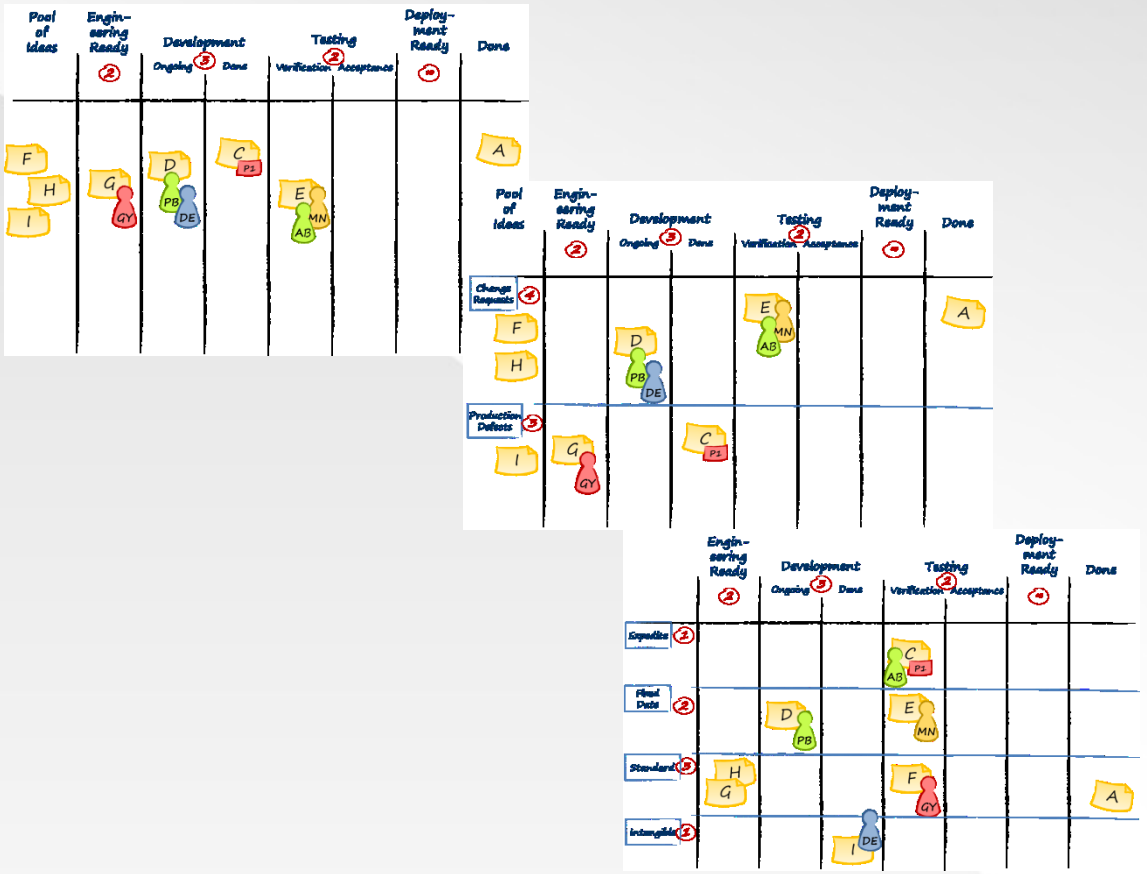


Measuring Liquidity




Pool of Ideas
Engineering Ready
Development
Ongoing
Done
Testing
Verification
Acceptance
Deployment Ready
Done
Change Requests
Production Defects
Expedite
Fixed Date
Standard
Intangible
A
B
C
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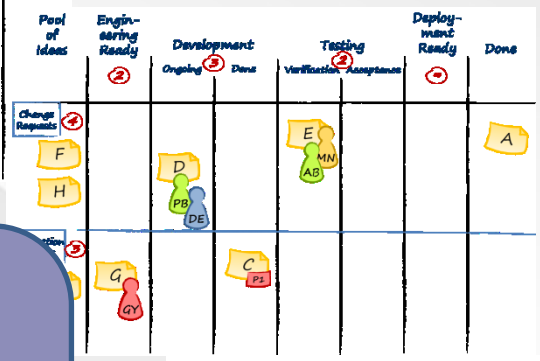
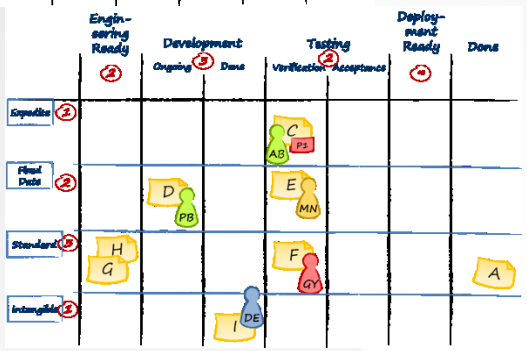
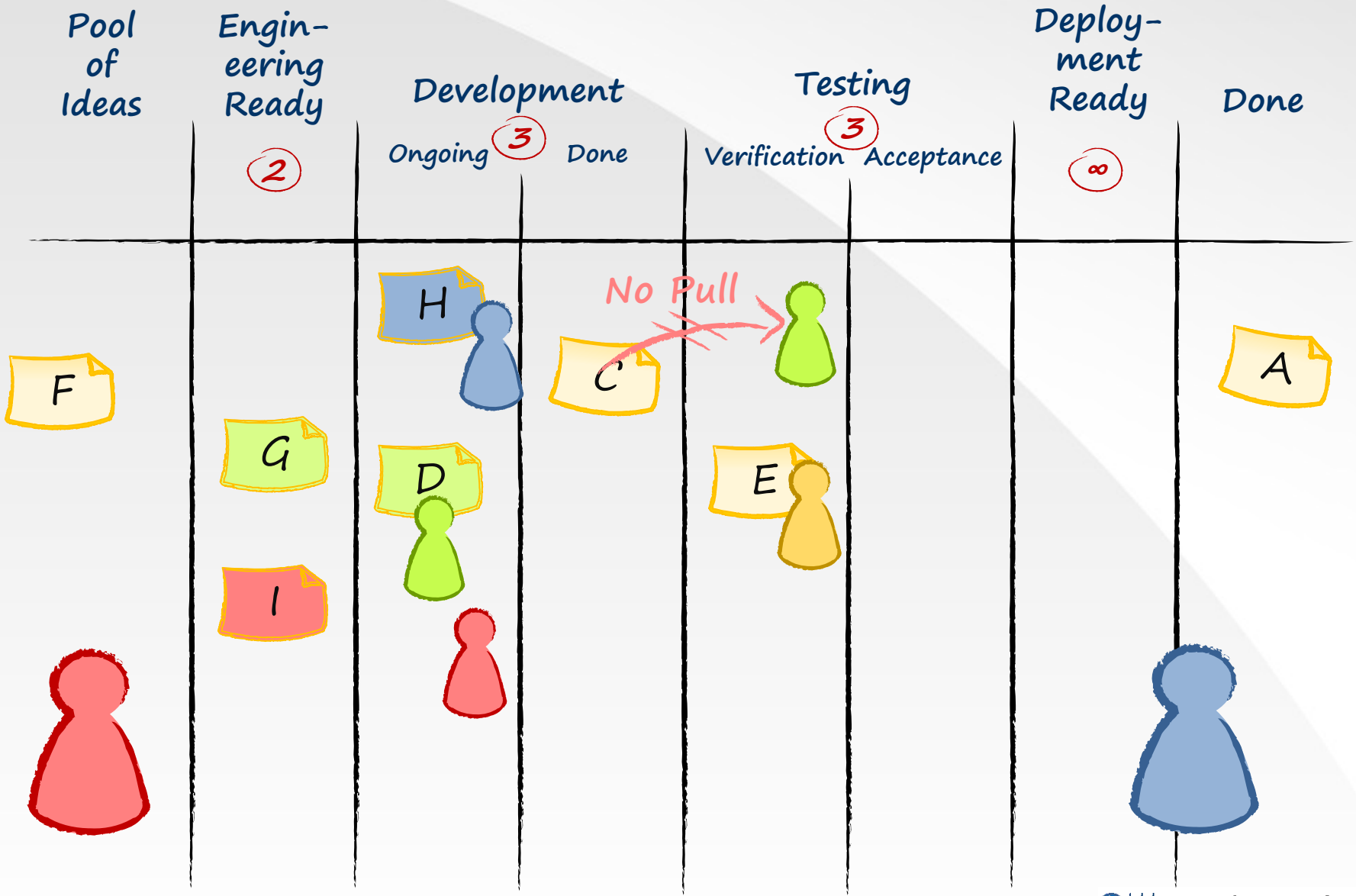




So, how would we measure liquidity? Where are the transactions in a kanban system?

Pull Transactions in Kanban



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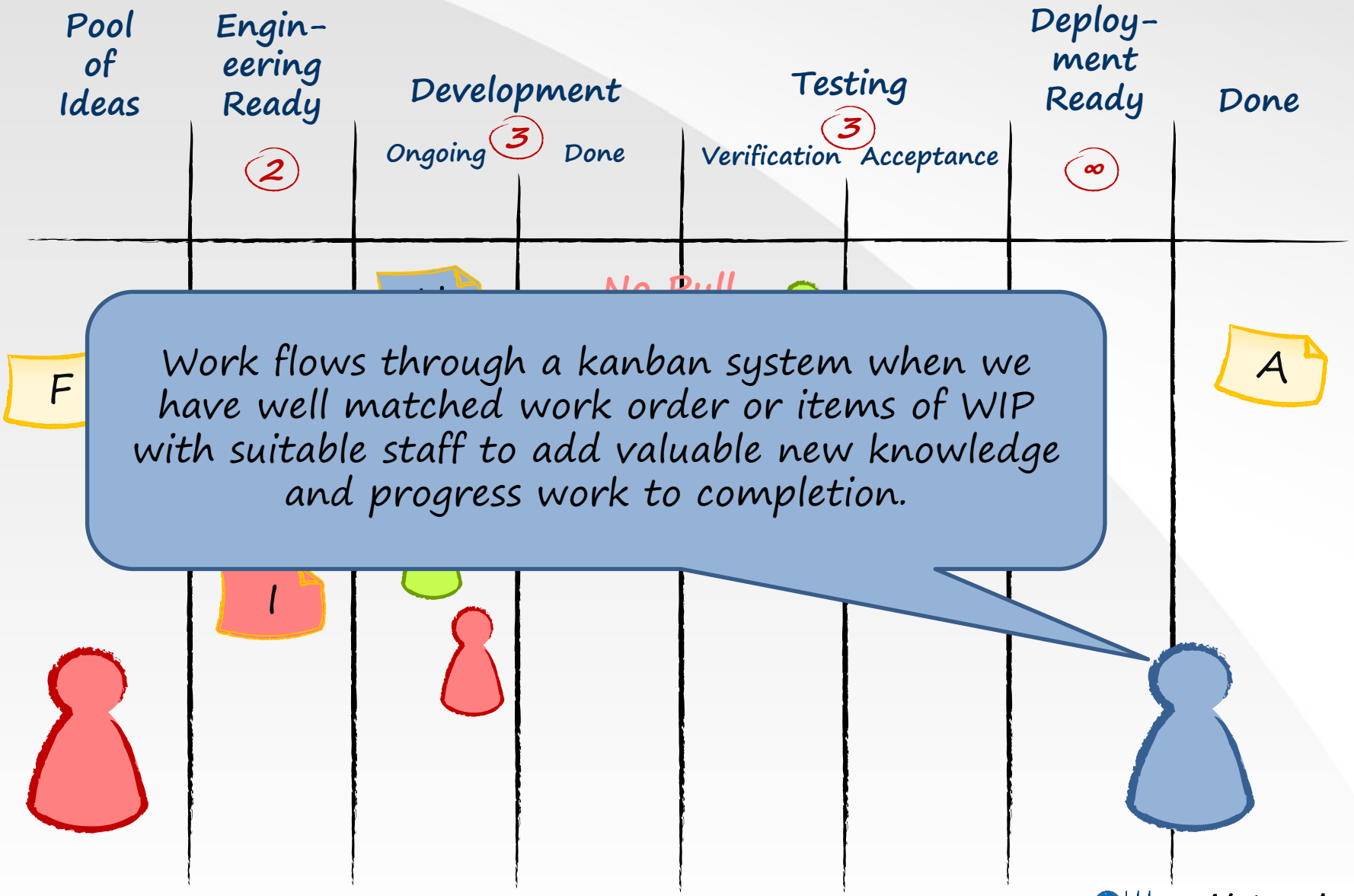
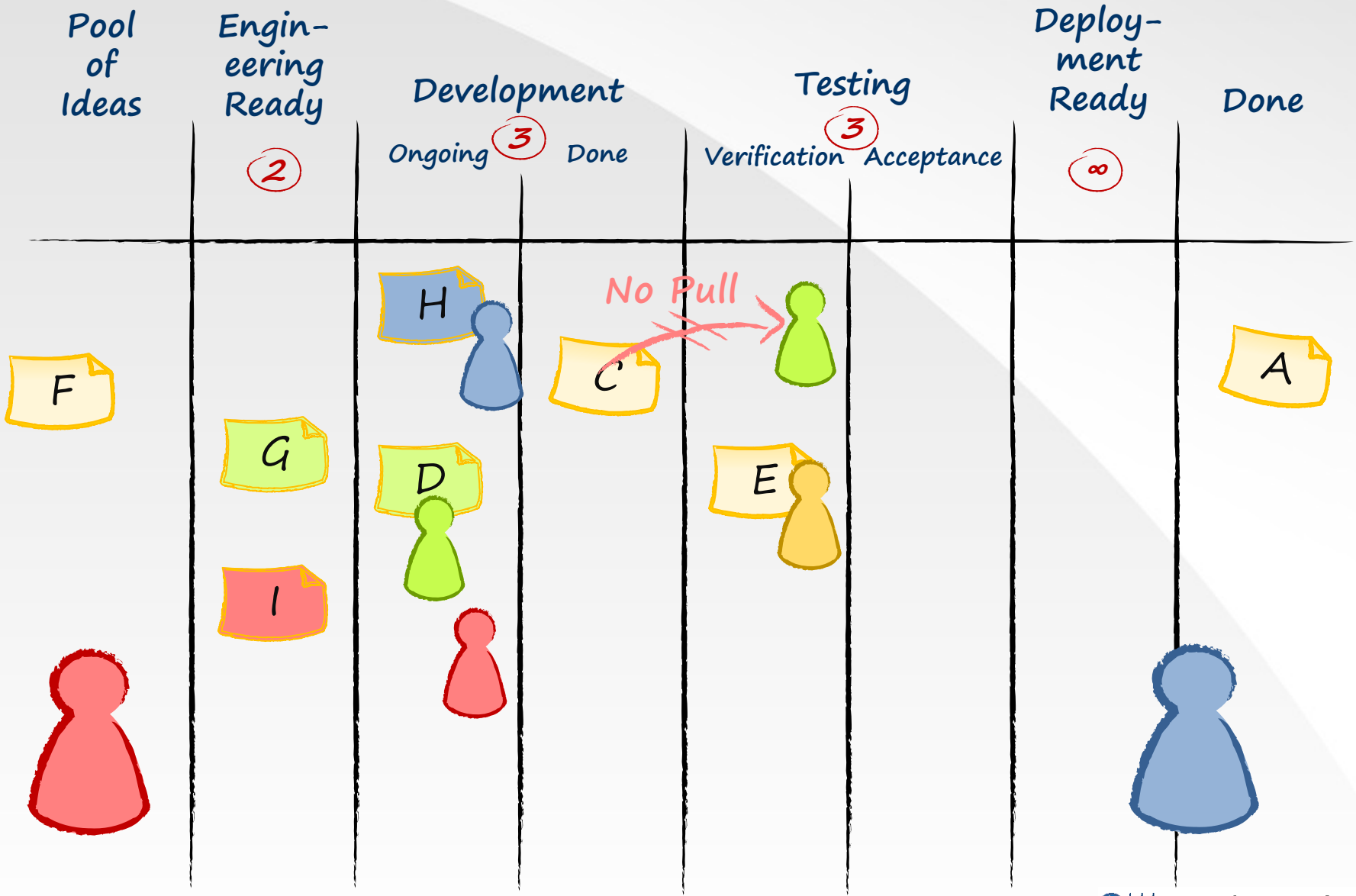


Pull Transactions in Kanban



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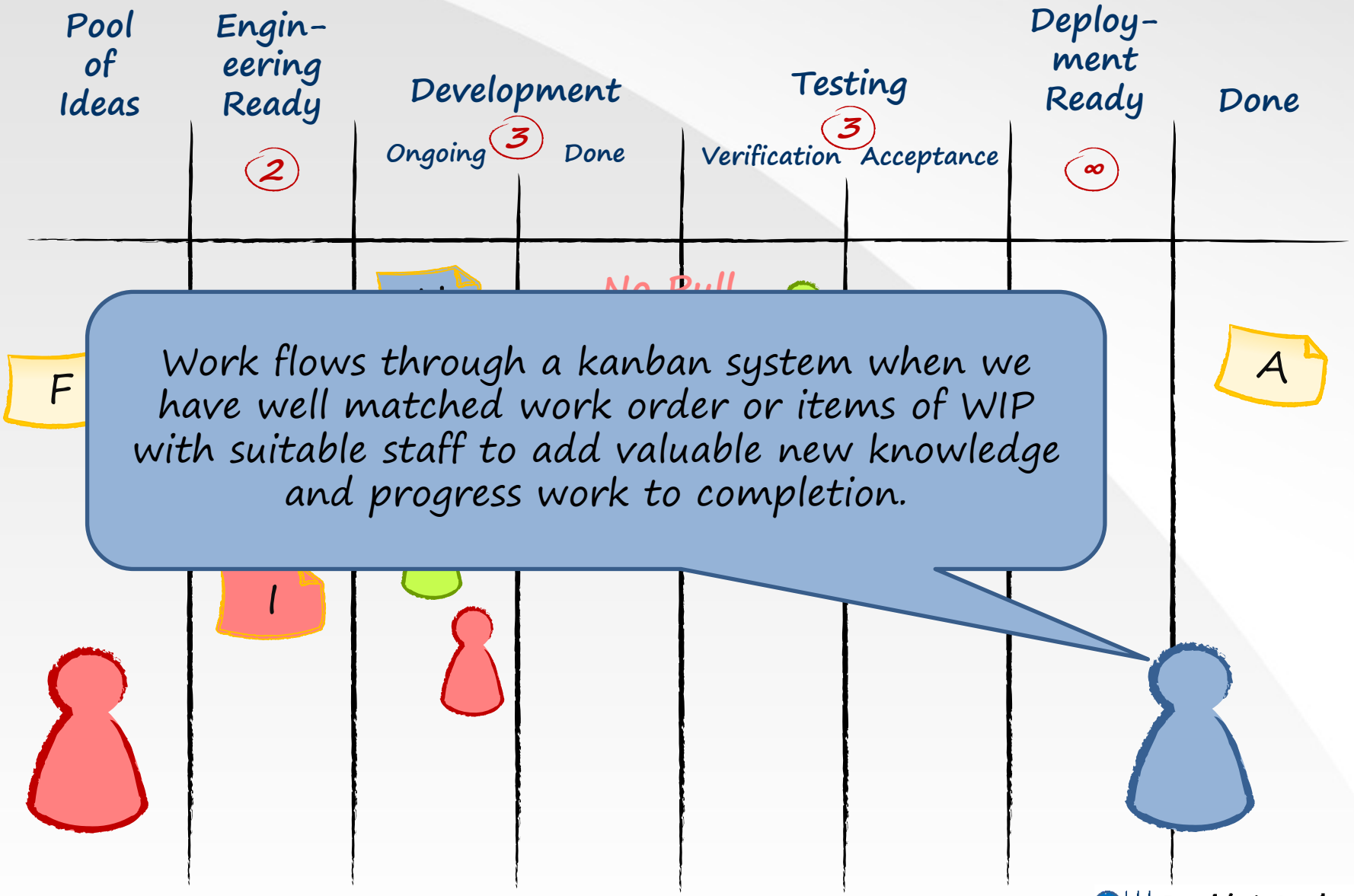

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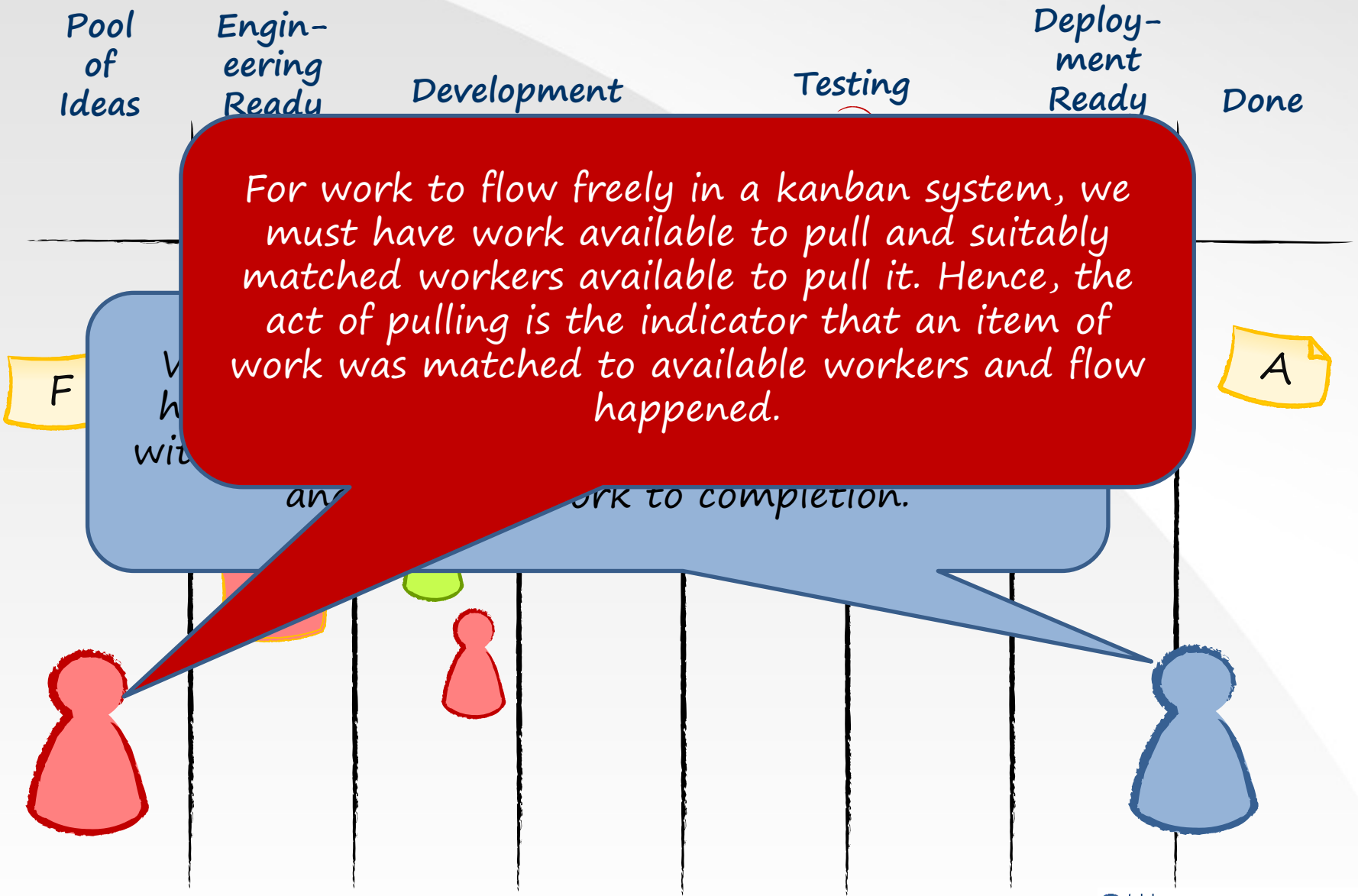
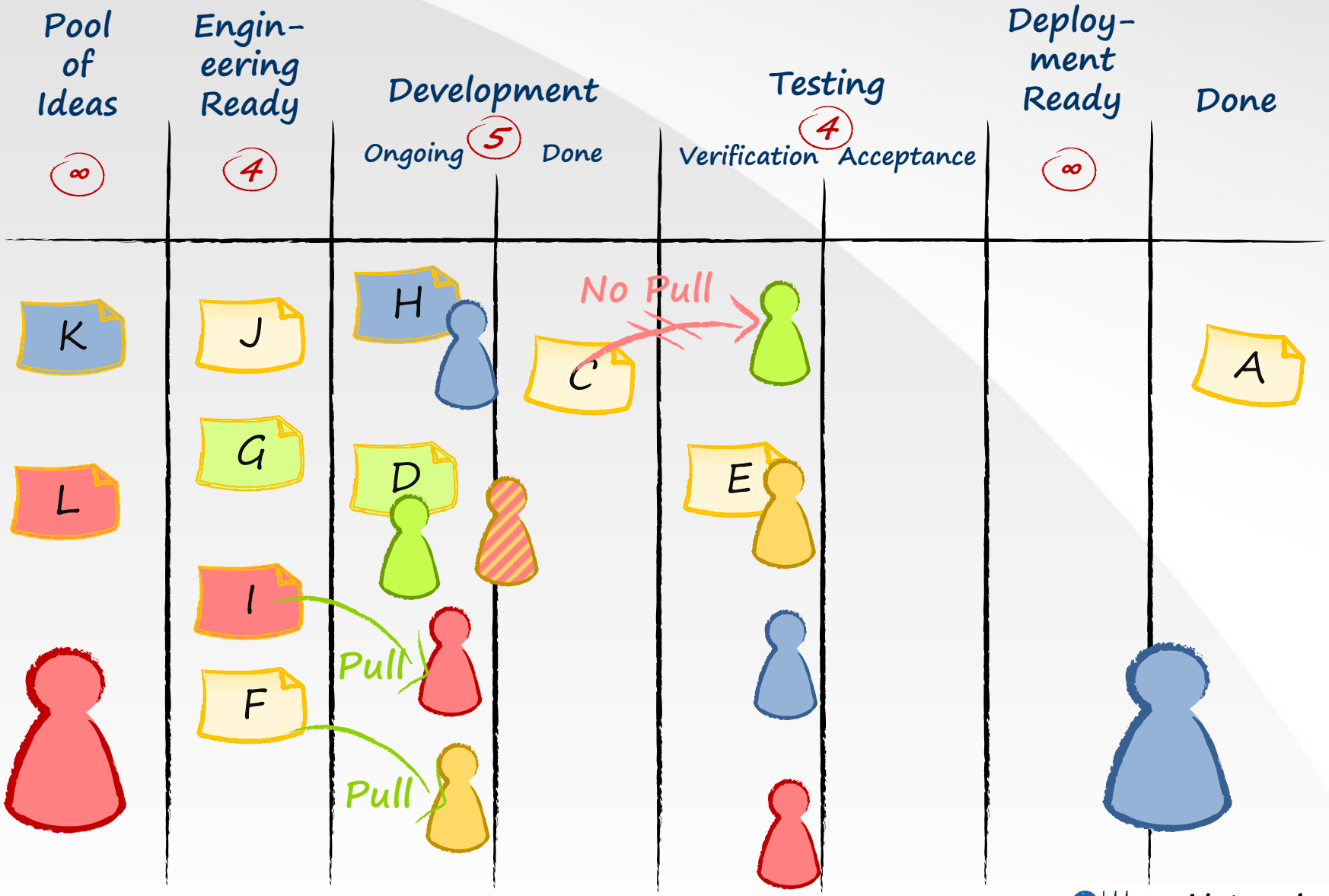


Variety & Specialization increase WIP



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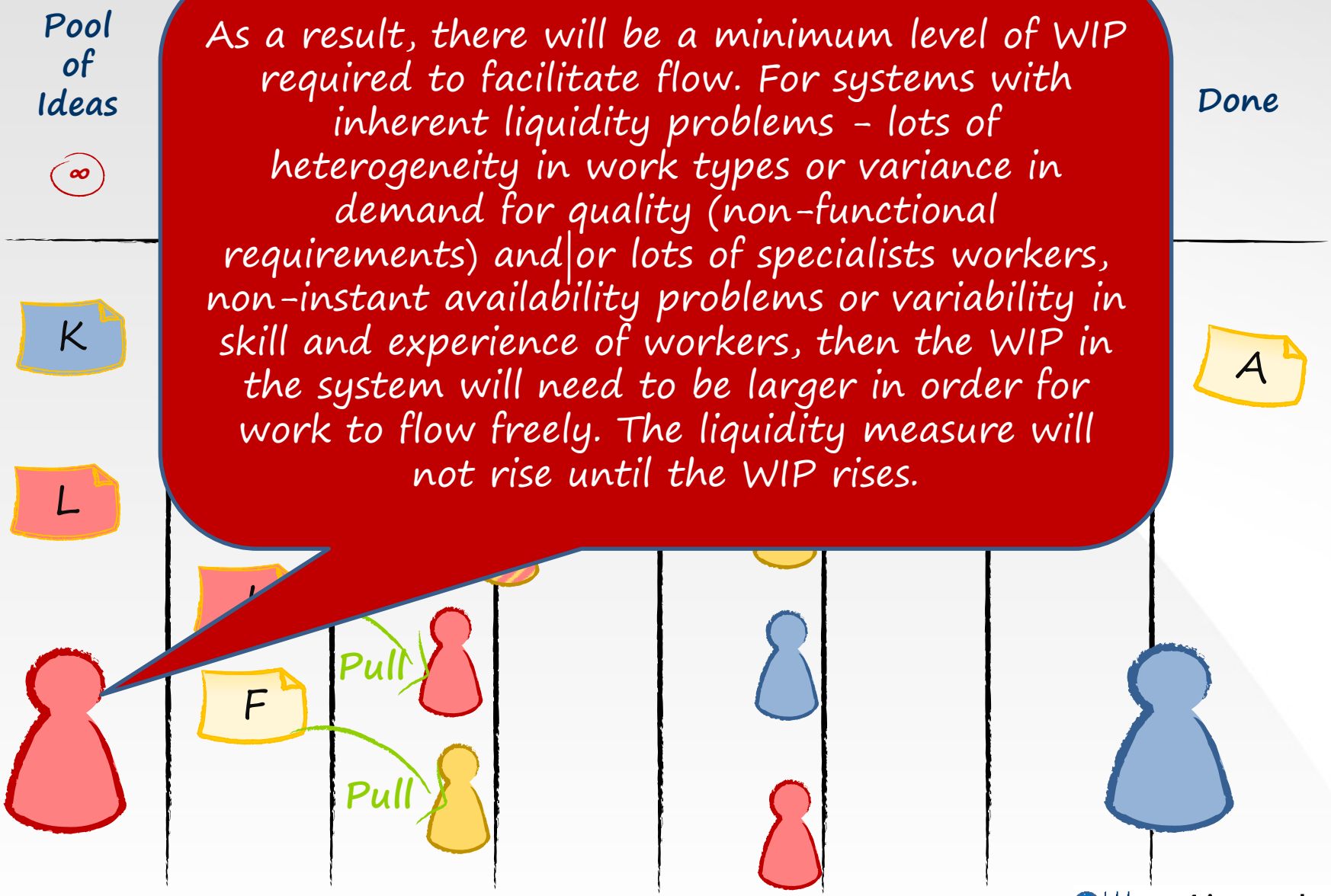

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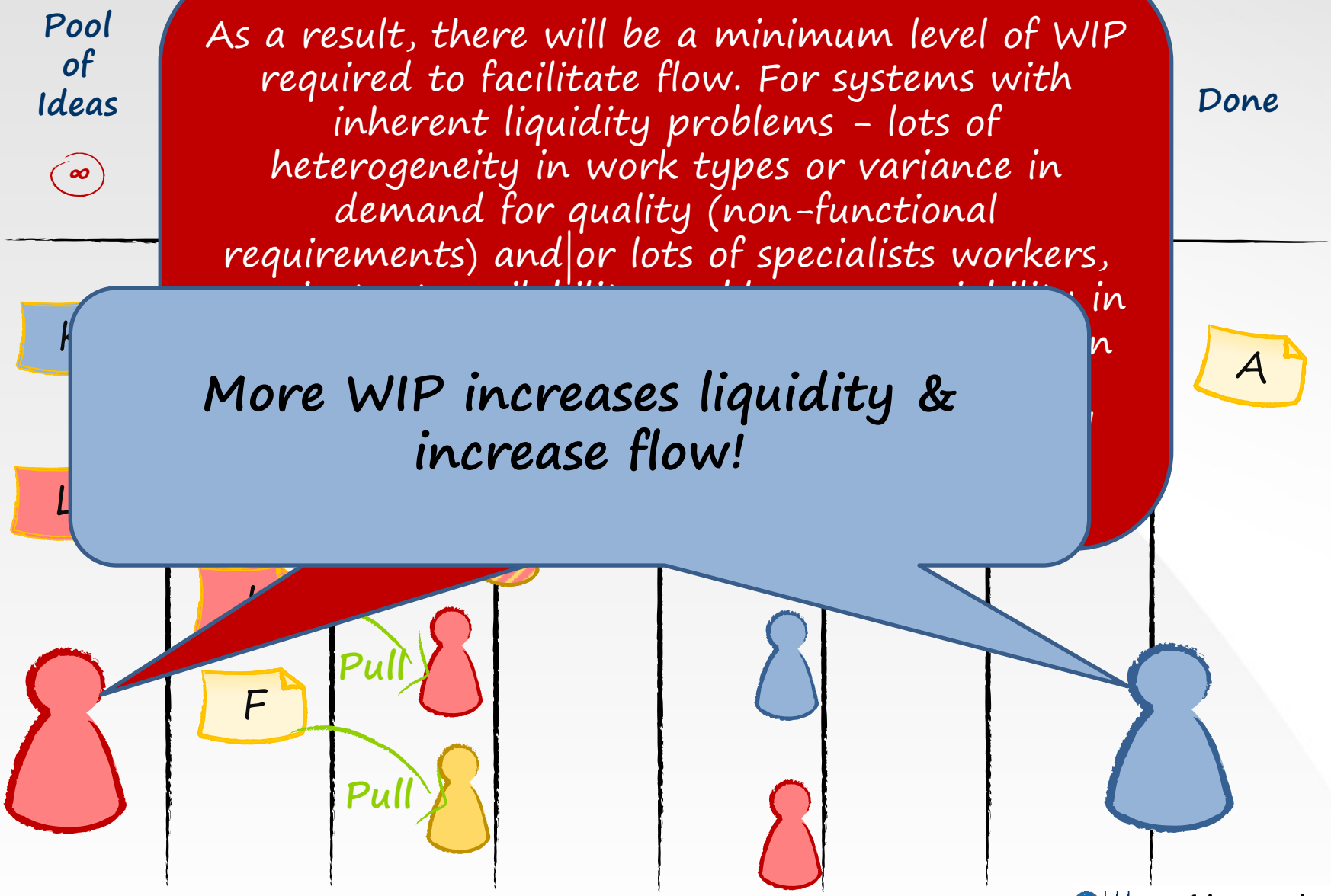

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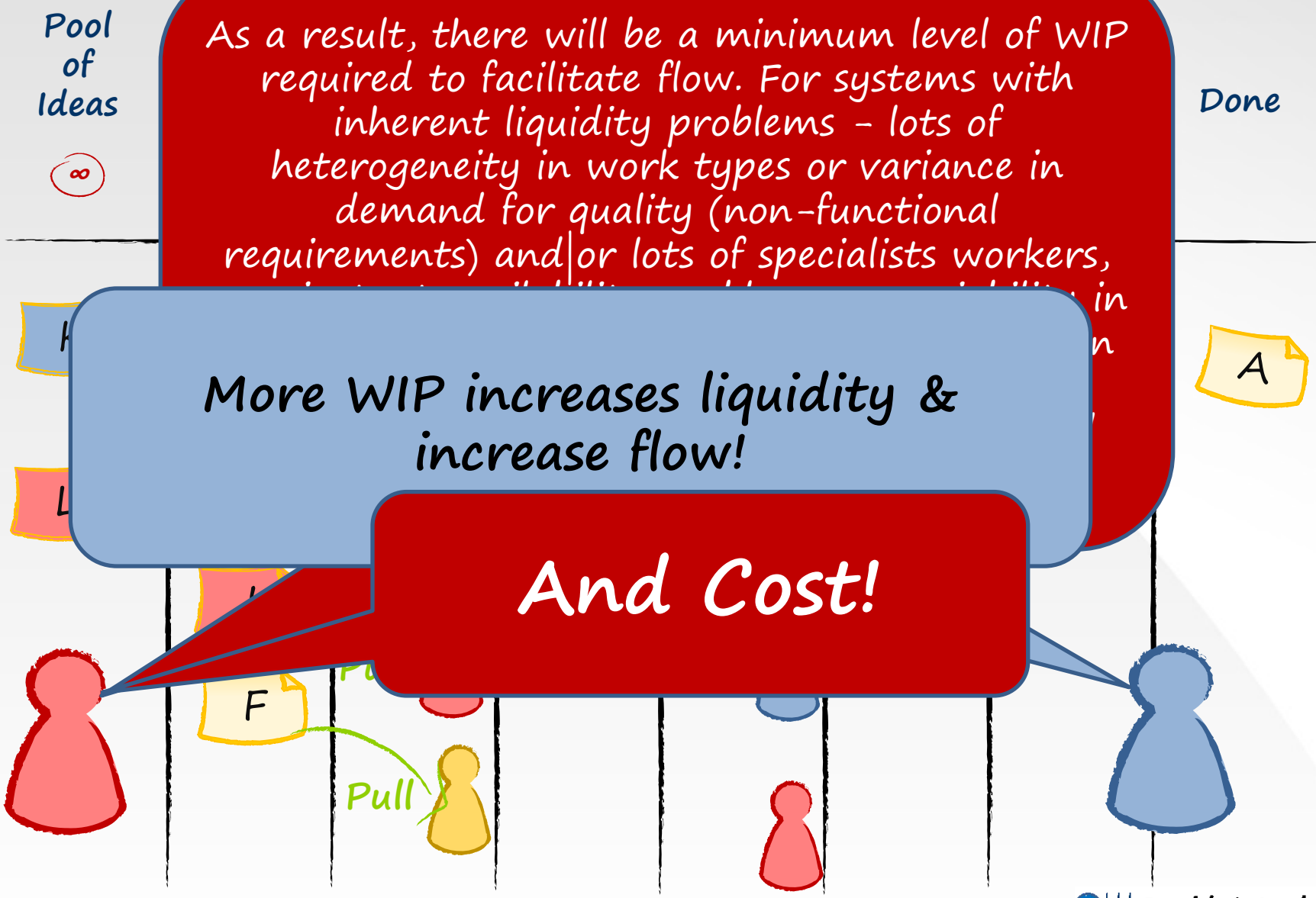
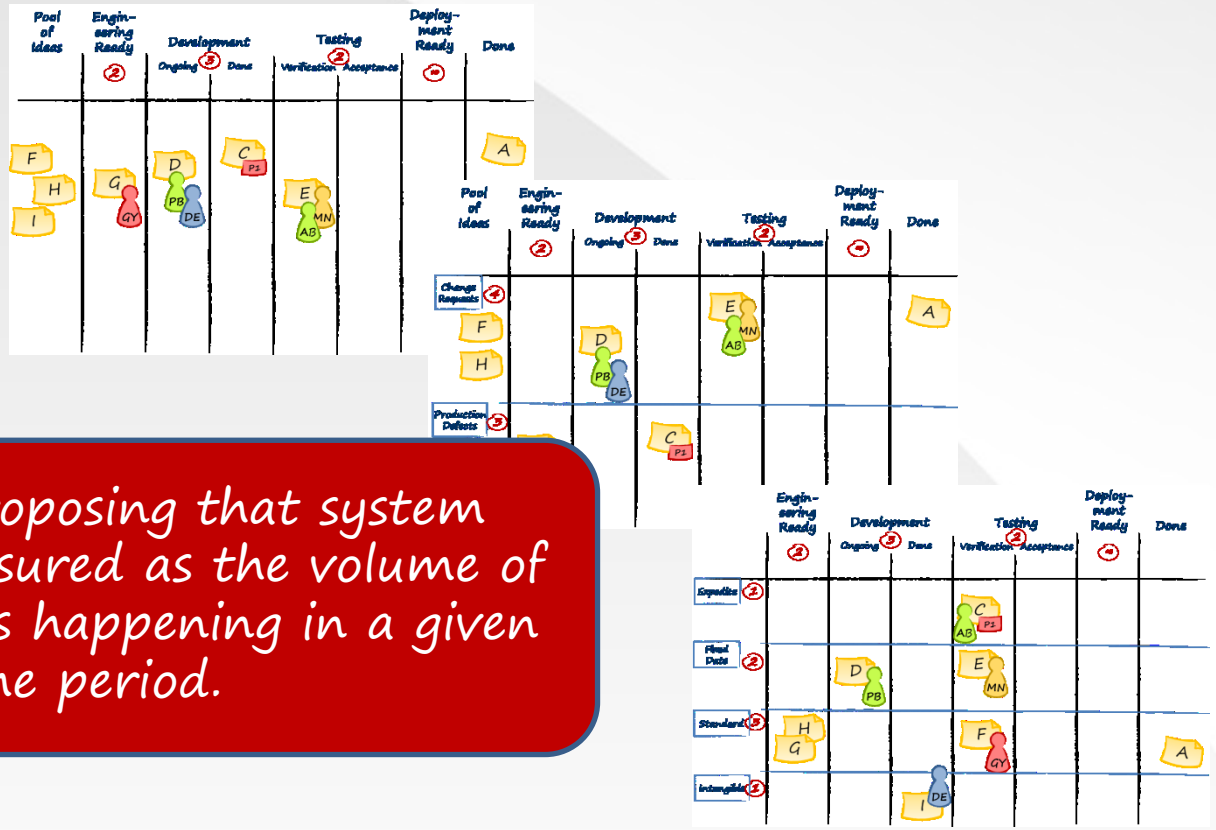
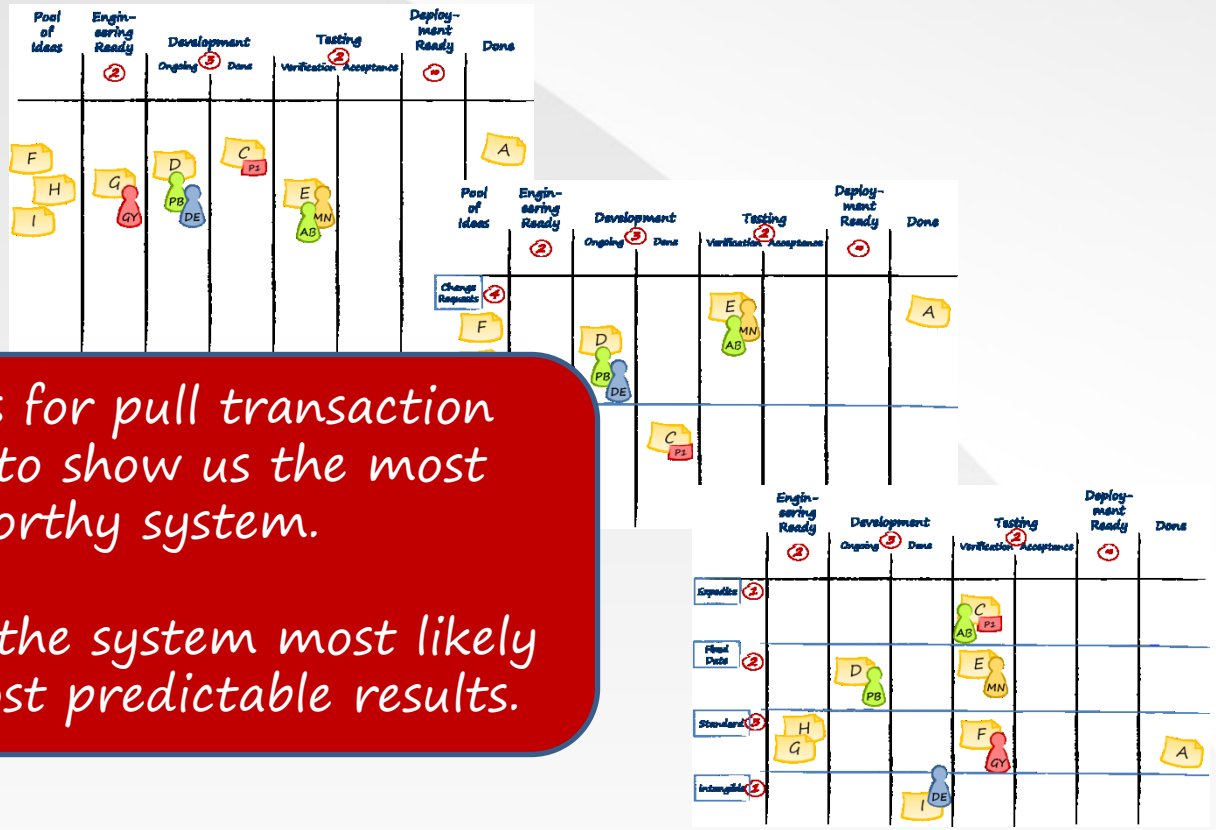


Liquidity is measured as volume of *pull* transactions



Thus, I am proposing that system liquidity be measured as the volume of pull transactions happening in a given time period.

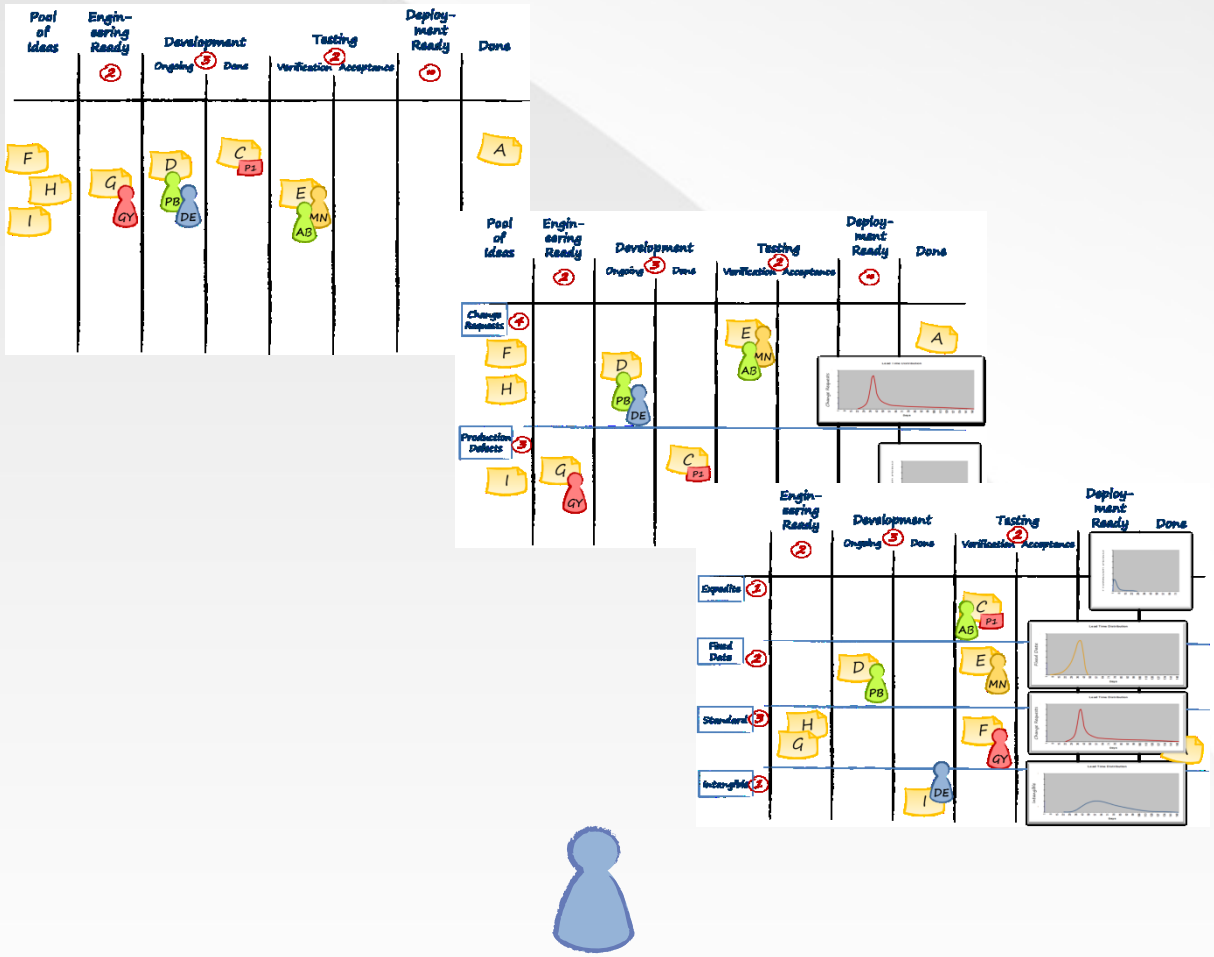
Pull Transactions / Person



Greater values for pull transaction volume serve to show us the most trustworthy system.

They represent the system most likely to offer the most predictable results.

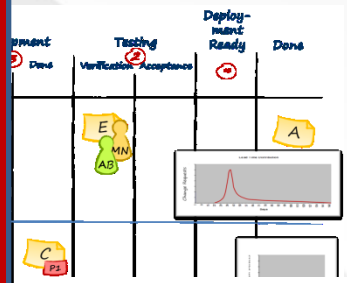
Liquidity is a Good Metric

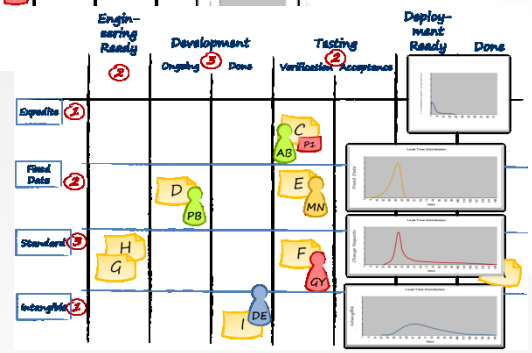


Liquidity is a Good Metric

Our measure of liquidity, as pull transaction volume per person or unit of currency in a time period, meets Donald Reinertsen's criteria for a useful metric...

Simple
Self-generating
Relevant
Leading Indicator





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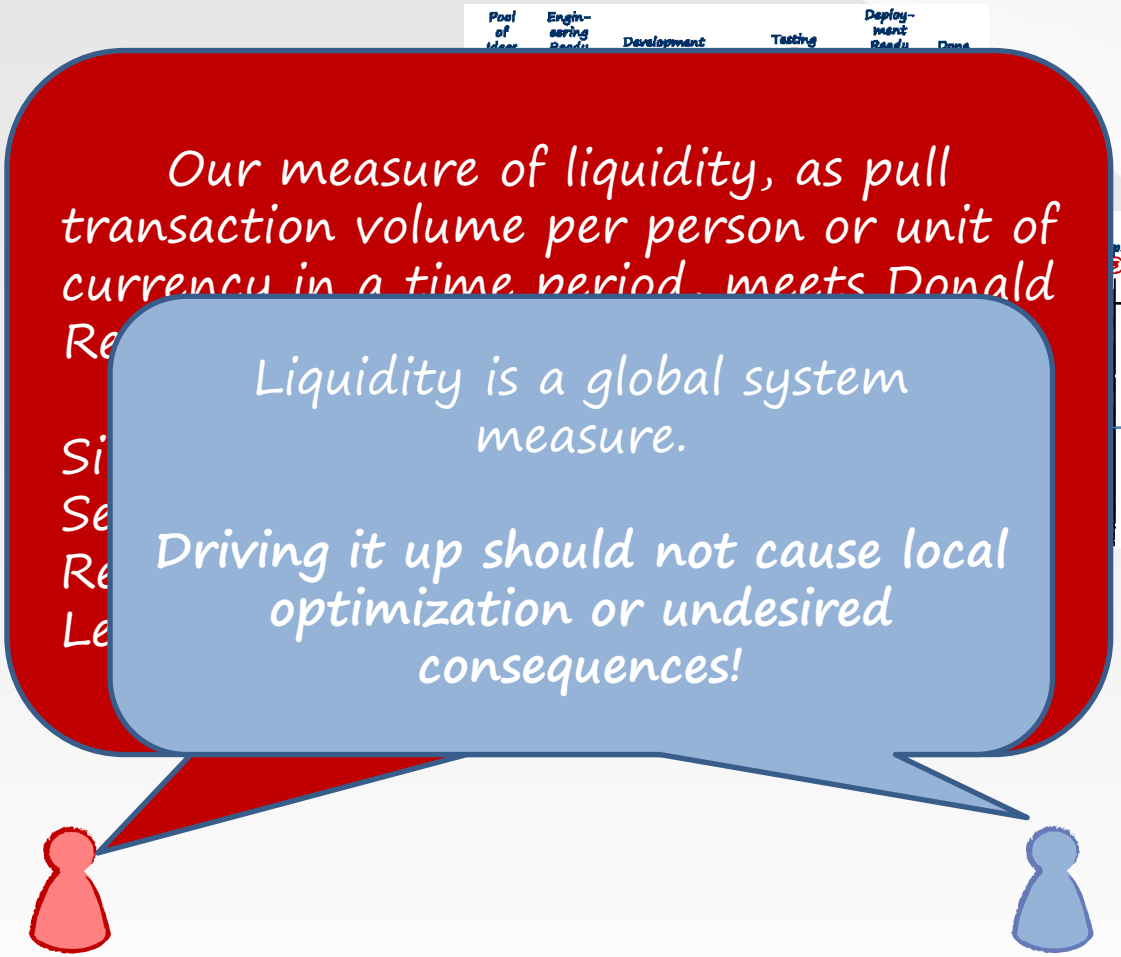
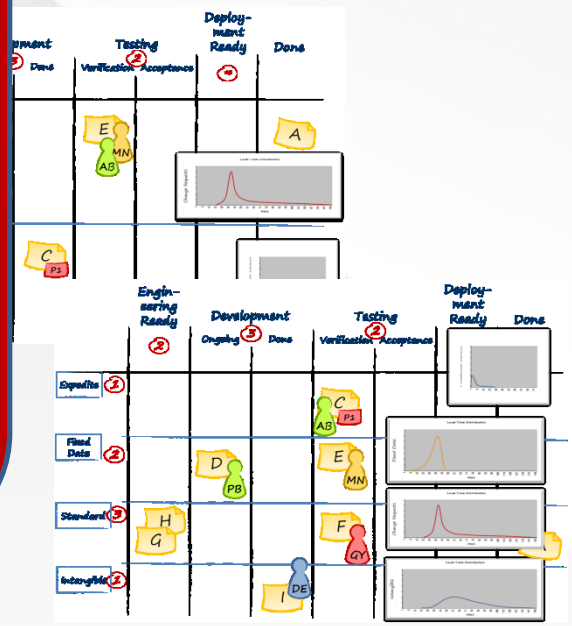


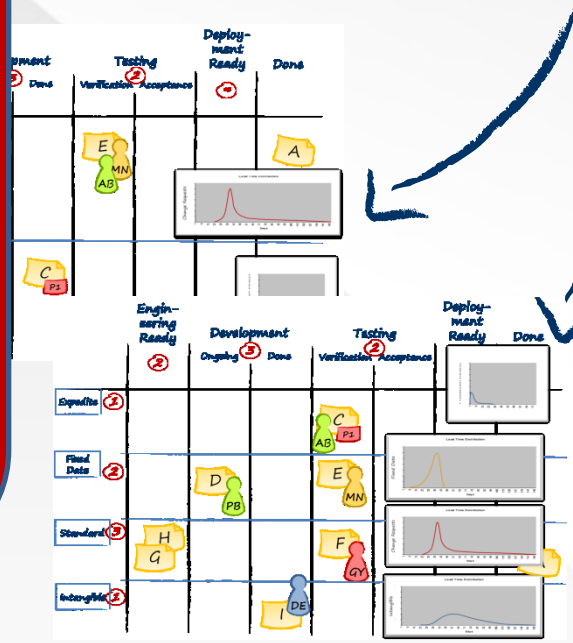


Liquidity of the system should be considered together with observed capability before placing an order

Some kanban systems may appear faster and cheaper but carry more inherent risk as they have poorer liquidity, handle less variety, are less resilient (can't cope with or recover from burst traffic)

Slightly longer to deliver but with greater certainty may be preferable to a system with a lower average lead time but poorer liquidity & greater risk

Observed Capability

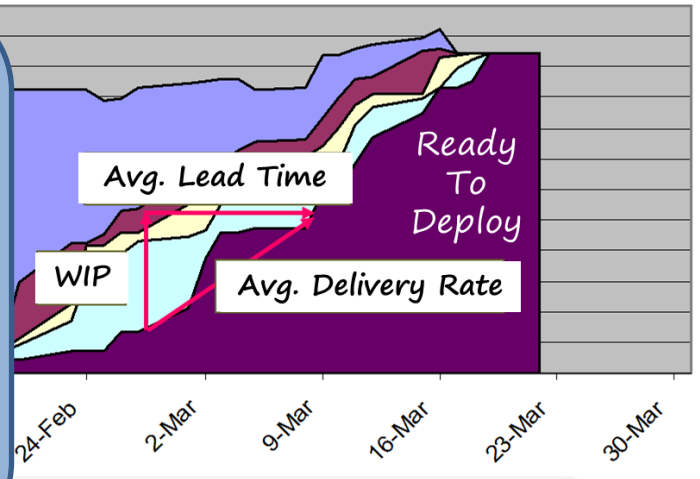


Relevance of Liquidity as a Measure

Little's Law

$$\text{Delivery Rate} = \frac{\text{WIP}}{\text{Lead Time}}$$

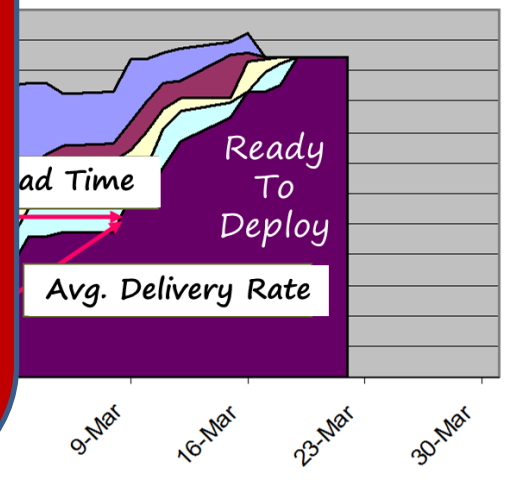
Narrow spread of variation in lead time for a fixed WIP means a more predictable delivery rate. This is turn means greater predictability on delivery date for a given volume of work and therefore a more accurate price.



Relevance of Liquidity as a Measure

Little's Law

$$\frac{WIP}{Lead\ Time}$$



So our plans carry less buffer for variation

And

Our planning horizons can be shorter!

Kanban Kata

3 Kanban Kata

Operations Review

Improvement Kata

Daily Meeting

3 Kanban Kata

Operations Review

Steve Medland presented Toyota Kata followed by Hakan Forss providing his Kanban interpretation

Daily Meeting

LKU | Lean-Kanban University

Accredited Training

Accredited Kanban Training Program

- Company must be a member of LKU
- Trainer must be certified and carry the AKT (Accredited Kanban Trainer) designation
- Training material must have been approved
  - Reviewed by LKU staff against the defined standard curriculum
- LKU certifies training offered by LKU members is of a good quality standard

LKU Trainers (AKTs)

- Have significant field experience as trainers and/or coaches teaching/leading Kanban
- New trainers must attend a 5-day residential training course to learn how to teach the standard 1-day & 2-day classes
- Trainers must maintain their skills by attending LKU events, Kanban Leadership Retreats and involvement in the community

Kanban Training Options

- Certified Training is offered at 2 levels
  - 1-day introductory
  - 2-day practitioner
- Introductory training is designed to make people literate about Kanban concepts
- Practitioner training is intended for those who must work with Kanban on a daily basis

Marketing Kanban Training

- Training companies have considerable freedom to tailor and customize training as long as the standard curriculum is covered
- Titles of classes will vary by company and trainers
- Niche market customizations for topics such as IT Operations, Systems Engineering, Large Projects, Simulation & Measurement are likely to become common

Certified Training

- Each attendee at an LKU accredited class receives an LKU certificate of completion
  - Validates attendance at the class
  - Lists the class title, level of curriculum (introductory or practitioner), class trainer, training firm, date

- Record is stored electronically on leankanbanuniversity.com
- In future, students completing a class will be given membership of the LKU web site and access to specific functionality storing training history and career development information

Kanban Coaching Professional

- New certification for consultants and corporate change agents
- Must complete Advanced 3-day Kanban Coaching & Leadership Masterclass with David J. Anderson
- Must gain field experience
- Must pass a panel interview with members of KCP advisory board
- Encouraged to attend community events and Kanban Leadership Retreats

LKU | Lean-Kanban University

What next?

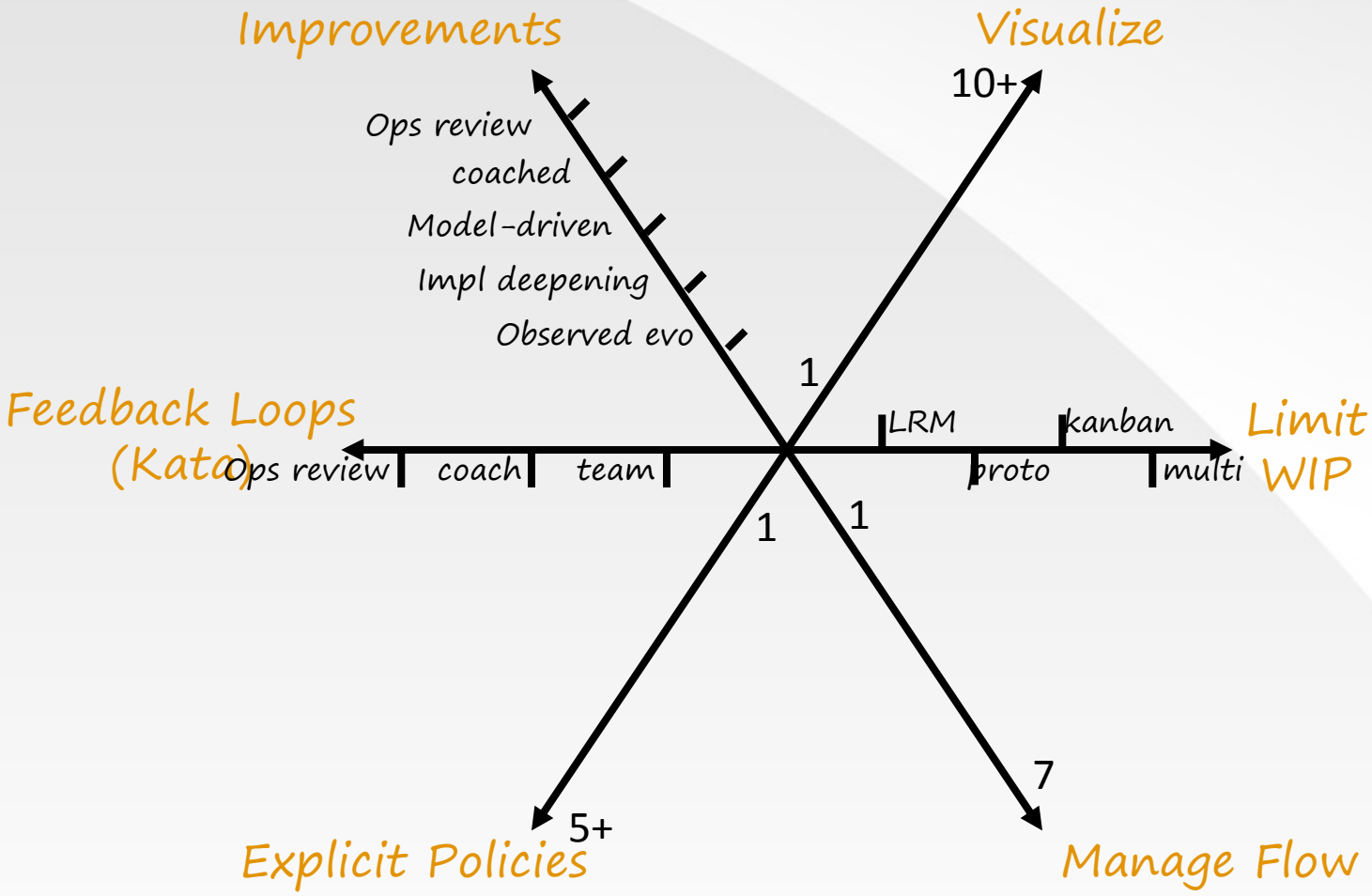
- We'd like to hear from you. What kinds of programs should LKU be offering?
- We are considering developing classes in
  - Lean Requirements
  - Lean Risk Management
  - Lean Software Development Practices
- What would be useful for you and your career development?

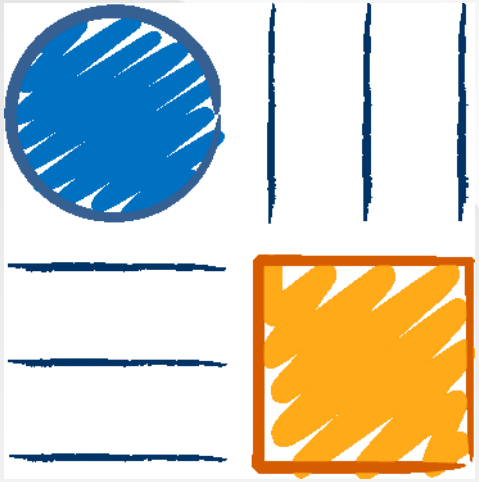
Kanban Appraisals?

- Recently, their has been a suggestion of an organization level Kanban certification, perhaps based on an appraisal of the depth of Kanban implementation and based on the depth of Kanban assessment framework.

- Would this be interesting to you? Would you like LKU member firms to offer appraisals for your team/department/business unit/company?

Depth of Kanban Appraisal Framework





Thank you!

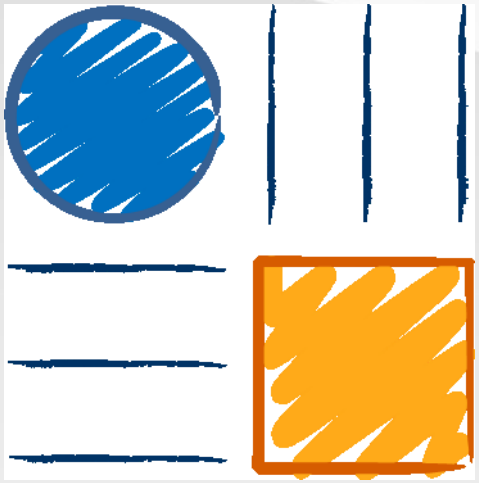
About

David Anderson is a thought leader in managing effective software teams. He leads a consulting, training and publishing and event planning business dedicated to developing, promoting and implementing sustainable evolutionary approaches for management of knowledge workers.

He has 30 years experience in the high technology industry starting with computer games in the early 1980's. He has led software teams delivering superior productivity and quality using innovative agile methods at large companies such as Sprint and Motorola.

David is the pioneer of the **Kanban Method** an agile and evolutionary approach to change. His latest book is published in June 2012, **Lessons in Agile Management** – *On the Road to Kanban.*

David is a founder of the **Lean Kanban University**, a business dedicated to assuring quality of training in Lean and Kanban for knowledge workers throughout the world.



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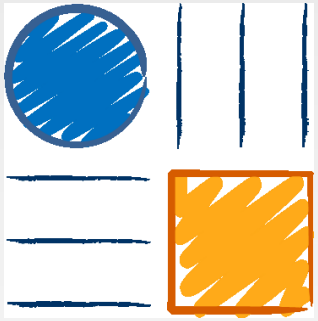
WIP Constraints & Controls by Donald Reinertsen

Little's Flaw by Daniel S. Vacanti, was illustrated by the visual facilitator at Lean Kanban Central Europe in Vienna.

Kanban Kata proposed by Hakan Forss



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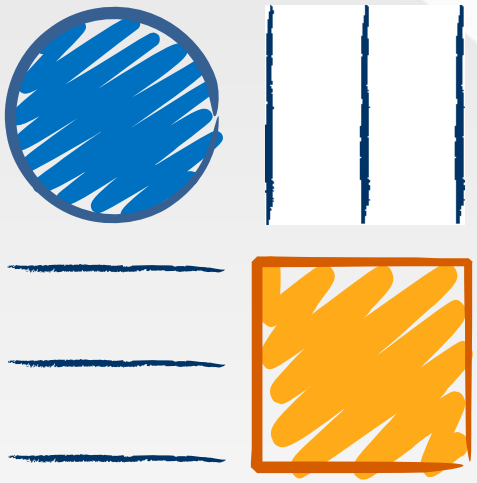
Webinar @swiftkanban



Audience Questions

Please request for the Microphone using the “Ask for Mic” icon.

Moderator will pass Microphone to you in the sequence in which Mic is requested.

Please stay on “Mute” while others are speaking for best audio quality!

Thank you for your help and cooperation!!

Closing Remarks

Thank You!

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