Lean IT

As the founder of Compass Affiliates, Chris works directly with leaders and processes to drive customer value using LEAN. Prior to forming Compass Affiliates, Chris worked for Wells Fargo as an Operations Senior Vice President. During his tenure at Wells Fargo, he focused on forming a new division using Lean Principles, Culture and Tools.

COMPASS AFFILIATES

2011

Agenda

- Context for discussion
- Background and timeline for managing DM Operations & Technology for Wells Fargo
- Problems and countermeasures over the journey
- Questions

Two Major Topics in Lean IT

1. How to “LEAN out” IT processes

2. How to Integrate IT and Operations in a LEAN way.

Work Integration IT & Operations

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The Wall

- Paperwork is relied on to communicate problems although it translates requirements poorly
- Copious paperwork is generated and the bulk is unused
- Project timelines and budgets are exceeded
- Problems are not visible until UAT
- Customer Value is seldom known or discussed
- The Business prescribes the solution based on their interpretation of the technology

The Bridge

- Reliant on interpersonal skills of relationship manager
- Problems are not visible until UAT
- Everyone seems to be collaborating
- Everyone knows who to blame
- Value often lost in negotiation

Integrated Teams

- Value of the work is known and actively managed by the team
- Improvement cycles are shorter, tested sooner and can be timed with Operations kaizen
- The team builds process and technical knowledge together
- The team succeeds and fails together

WF Document Management Case Study 2002- 2010

Document Management is a support team providing paper imaging, electronic document routing, data lifting and document storage services to the Home and Consumer Finance division of Wells Fargo. The Home and Consumer Finance division included; Home Mortgage, Financial, Insurance, Home Equity Lending, Credit Cards, Student Loans, Trust Services.

To serve internal Wells Fargo Business Partners operations sites of 200-500 staff existed in North Carolina, Minnesota, Iowa and Texas. 1,800 team members provided services over two shifts, six days a week.

A team of 68 IT professionals developed, integrated and maintained 144 servers, 4 image capture production systems, OCR and Data Lifting applications, 13 image viewing applications, automated smartdoc import / export applications, image & data storage and multiple supporting applications. Image production alone was 1 billion images in 2010.

42 other support staff included; project managers, junior and senior process engineers, business analysts, testing analysts, reporting analysts, etc.

Results

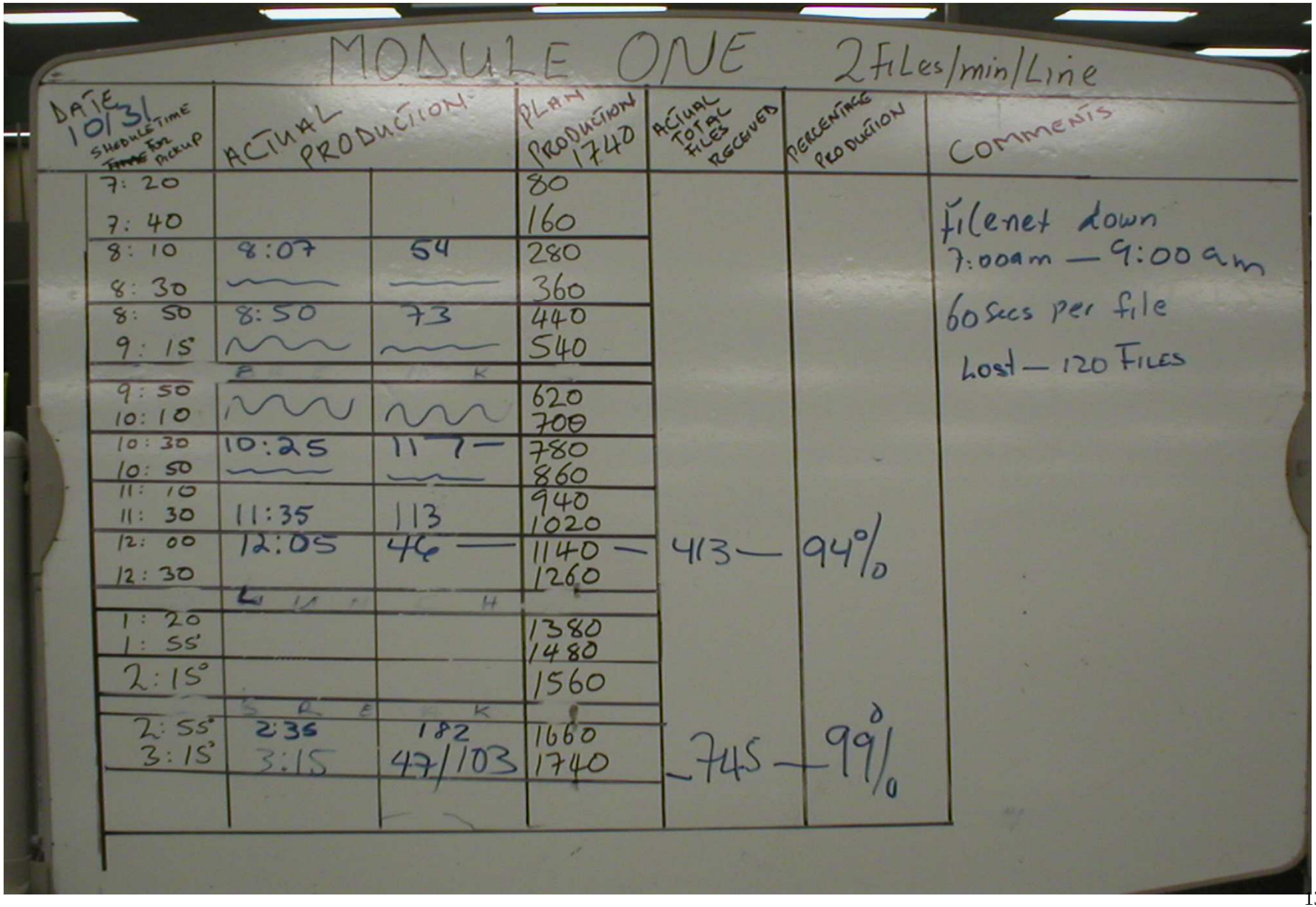
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Overall Improvement
Operations Cost per Image (decrease)	13%	24%	25%	25%	34%	28%	76%
Images per FTE (increase)	(21%)	27%	30%	40%	21%	17%	168%
Image Availability Lead time (decrease)	45%	17%	20%	25%	28%	31%	92%
Space Consumption (decrease)	33%	26%	0%	0%	0%	0%	50%
First Pass Yield	64.0%	78%	99.5%	99.8%	99.9%	99.9%	35.9 pct pts
Business Partner Service Level Compliance	50%	75%	99%	99%	99.5%	99.7%	49.7 pct pts
Transactional Volume	12%	(10%)	0%	100%	111%	50%	371%

How were the results achieved?

First few years:

- Organizing and building the Lean approach
- Removing operational waste
- Stabilizing the IT platform
- Creating Value Streams and aligning resources for continuous improvement
- Learning to work in a new way

Gathering Facts



Changing Attitudes

From

To

Learning our “customers” work

Better technical/operations integration

What worked well

- IT staff and Operations staff started to work together
- IT Management and Operations management started communicating using facts
- Daily operations became more stable

What next?

- Continuous improvement cycles were not synchronized between Operations and IT
- Ops, project management, IT and testing worked in functional silos

How did we apply Value Stream thinking to Continuous Improvement?

5 Operational Value Streams each with:

- Clear identification of a Customer and Customer Value
- A set of processes and production standards to designed to deliver and monitor the value delivery
- A set of hardware and software to people and processes
- Trained, experienced, skilled staff

Value Stream Team Composition

Value Stream Mgr	Approves improvement and ensures cross-value stream integration
Work Cell Supervisor	New process, production metrics and operational documentation
Ops Team Leader	Process expert and testing resource
Project Manager	Improvement milestones, coordinates schedule/budget/resources, runs daily scrum, ensures value delivered
Process Engineer	Process design, cross stream integration, creates operational standards
IT Developer	IT Development, system integration, unit testing, alignment with component strategy
Test Lead	Coordinating all aspects of technical and user acceptance testing
Operations Staff	Process design input, production testing

Sprint Execution

- 1 ½ month or 45 day Sprints
  - 1 week prep/ problem identification
  - 4 weeks problem solving
  - 1 week debrief
- Daily scrums with core team
- Progress tracked with sprint boards
- Improvements made with maintenance release or coordinated with quarterly corporate release

Sprint Board

What next?

Problem: Too many developers were trying to change the same component or application

Countermeasures:

- Component owners identified
- Component strategies created

Problem: Operations leadership, support resource leadership, and IT leadership did not appear to support each other

Countermeasures:

- Leadership participation in the scrum and sprint activities
- Cooperative problem solving

Problem: Operations leadership, support resource leadership, and IT leadership needed to set clear coordinated objectives

Countermeasure:

- Improved strategy deployment at the Senior Team Level

Questions?