



BECOMING CUSTOMER DRIVEN: IT'S A MATTER OF HOW YOU LOOK AT THINGS

“Customer-Driven Transformation”

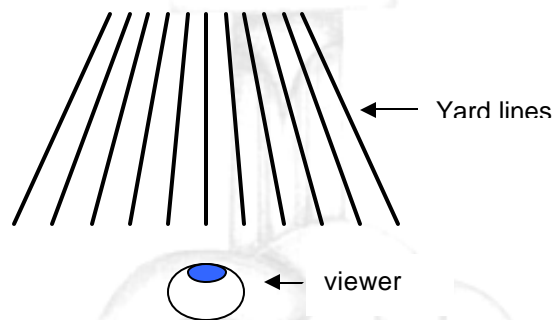
by Robert D. Gilbreath | October 28, 2004 |

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Overview

Suppose you were looking at a football field from grass-level. If you're on the sidelines, say midway between the goals, you would see a set of vertical lines as you looked from right to left. These are the yard markers. On an American football field, they are ten yards apart, and there are ten of them. Your view might look like this:

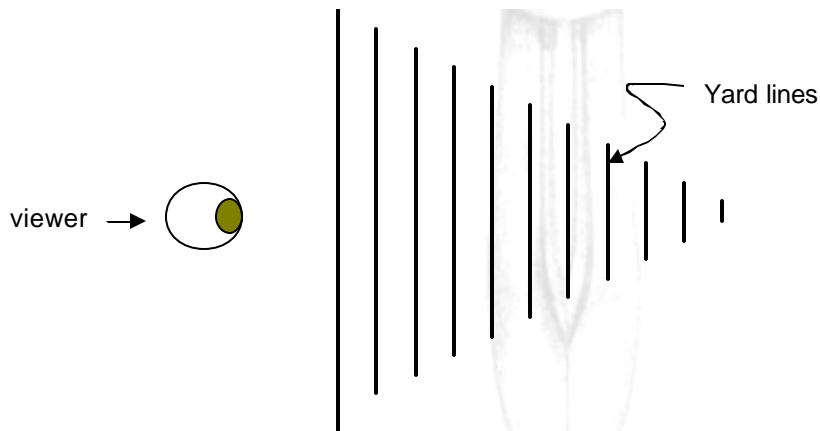
Figure 1: Vertical View



For the moment, let's call this the "vertical view". Now suppose another person was standing in the end zone, either one. That person would be looking across the field from an entirely different perspective—the "horizontal view". Same field, same time, same day---different perspective.

Sure, the laws of perspective distort each view. But people watching a football match aren't interested in the laws of perspective. They're interested in the play, the players and the score. But our distinction is more than just a distortion of perspective—it's a fundamental disconnect

Figure 2: Horizontal View



between the way two observers view a project. It affects each person's opinion of the effort and the result.

How a Work Breakdown Structure Clarifies Perspective

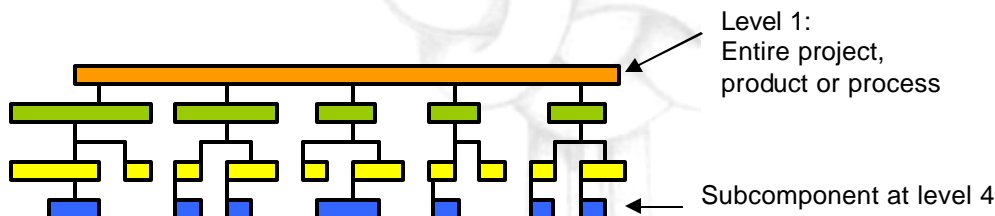
Almost everyone with a little process analysis exposure is familiar with a WBS, a Work Breakdown Structure. WBS's bring a tremendous amount of clarity and logic to the analysis of work. The formal name is Taxonomy: a systematic classification of constituents. A WBS is essentially a model, a construct that contains a successive de-convolution (or decomposition) of an entire product, process or project into its components. Subcomponents are then, in turn, broken down into their respective sub-subcomponents. The process continues until a point is reached where further subdivision is too detailed to yield any incremental management value. WBS's should be result-based. That is, their components can be measured, determined, and said to be in existence (completed) or not. WBS-based systems and thinking use this granularity to manage the whole by managing the pieces. For some items, deep granularity (multiple levels of decomposition) is chosen. These are generally critical or high price, high-risk elements. For others with lower importance, more aggregate elements are used. So you don't necessarily go down to the same level of detail in all areas—just use judgment and some simple rules to guide the parsing of the project.

Work Breakdown Structures contain components that are:

- Object-oriented
- Tangible
- De-convoluted
- Additive
- Non-equivalent

Graphically, a simple WBS looks like this:

Figure 3: A Work Breakdown Structure



The top rectangle represents the entire project, product or process. At the second level of detail, five rectangles represent the first cut of its subdivisions. Ten boxes show how level three is articulated. Vertical lines show the “parentage” of each element—the “rolling up” of smaller subcomponents (children) into their respective parent elements. Most large efforts assign budgets, schedules and responsibilities for each of these subcomponents. Management control systems track these individually (say for one element at level 5) and for aggregates at various higher levels, including the entire thing (level 1).

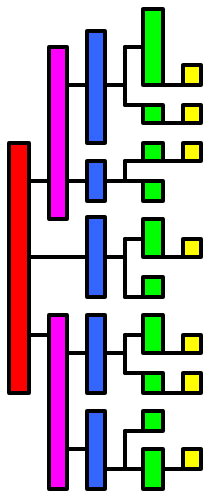
From the perspective of understanding the elements of a company outcome, or measuring them individually or in aggregate, this type of WBS is very helpful. But just like our simple example of the football field, there are alternate viewpoints—different perspectives. The people who hold these

different perspectives don't get much value, if any, out of a WBS. It usually means absolutely nothing to them. They stand at the end of the field, and take the horizontal view. Talking to them about components and subcomponents of a WBS is like speaking Greek to a group of Japanese speakers. They think and express themselves in an entirely different language. And these individuals are critical to company success. They're your customers. It's time to take their point of view seriously.

The Expectation Breakdown Structure

An Expectation Breakdown Structure (EBS) turns the entire analysis framework on its side. It doesn't consider or even care about physical components, or cost accounts, or tasks, processes or schedules. It cares about expectations. And it judges the resulting outcomes your company delivers to customers according to how well those expectations are met. Remember that all processes lead to outcomes which attempt to meet customer expectations—no matter your product or service, this always holds true. Here's where you'll find one key to success in the customer-driven world. Only when processes produce outcomes that meet or exceed expectations will true success be attained. That's because users (customers) don't appreciate or value processes or outcomes. They couldn't care less about your designs, supply chains, processes, organizations or production control systems. They only care about themselves—and their expectations. Meet them and you win. Miss them and you lose. We need to be building Expectation Breakdown Structures for every product or service we produce. We need to match our processes and outcomes—our WBS's, to them.

Figure 4:
Expectation



Expectation Breakdown Structures contain components that are:

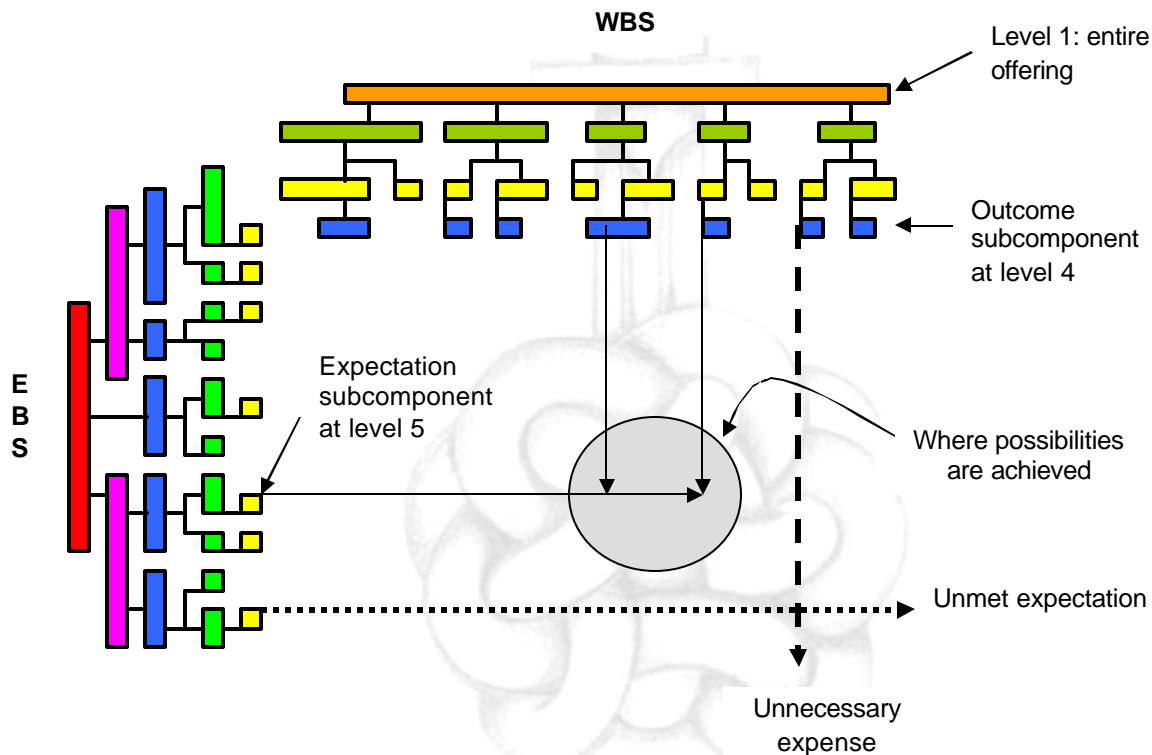
- Subjective
- Intangible
- Convoluted
- Redundant
- Related

Notice in this simple diagram that the number, size and number of levels in an EBS (Figure 4) are different than those of the WBS (shown in Figure 3). This is to illustrate that users/customers not only view outcomes differently, they value elements differently, and they scrutinize their own sets of components in subjective ways very much their own.

Customer-Driven: A Company that Produces what Markets Expect

Also notice the gray circle in Figure 5 below. It represents the intersection of features (the elements

Figure 5: The junction of expectations and outcomes



of the WBS) and benefits (elements of the EBS).

A few points need to be clarified.

- Features and benefits don't have a one-to-one correspondence—they don't map to each other in a clean, discrete way. Many features can contribute to the satisfaction of an expectation, while one feature can contribute to several expectations. And they can be highly redundant. This seems messy, even indeterminate, but it's the way the world works.
- Some features bring no discernable benefits at all. And some expectations are commonly ignored—that is, no features affect them. Both cases are problematic, and the use of a well-constructed EBS/WBS matrix helps isolate these for correction.

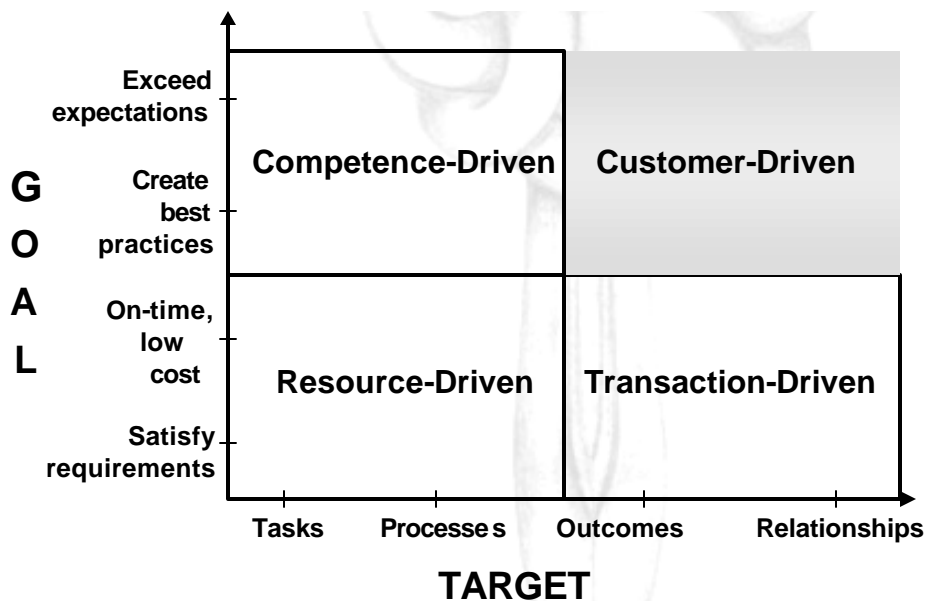
Expectations are subjective, multivalent and dynamic. They're felt and expressed with an entirely different logic than we use in production.

- Expectations are very personal and subjective. They vary from person to person, group to group. And they vary over time as well.
- Products with features that don't contribute to our expectations surround us. Consider a typical digital watch, a DVD player, or a chip-studded cooking oven. Few of us can understand, much less appreciate, all the features they contain. Too many features lead to confusion and user dissonance.

If the superposition of an EBS over a WBS seems onerous, consider that once one is made it can be used over and over, with a few modifications, for a whole range of similar transformations you may be facing. With just a little tweaking, you can reap a host of valuable design and implementation knowledge.

In general, end users don't care one bit for your WBS—which is hidden to them. But they do care if their expectations are heard and acted upon. Remember, you don't buy a certain brand of gasoline because it contains a molecular compound only a chemist would understand, or that it has a certain flash point or a particular viscosity. You buy it because it cleans your engine, eliminates knocking, and increases performance. These are all benefits, not features. Problem is, many people who create or manage a product or service's features are blind to its benefits. Only when features contribute to real or perceived benefits do they earn their keep. Otherwise, they're expensive distractions.

Figure 5: Four Types of Transformations



Becoming Customer-Driven

A customer-driven company is one that continuously strives to match processes, outcomes and expectations. It never forgets that the most successful products and services aren't the ones that merely come in under budget, are produced efficiently, and meet design specifications. These are characteristics of a resource-driven enterprise, not a customer-driven one. In your efforts to adjust your products and services, processes, systems, organizations and people to the dynamic world we now inhabit, realize that meeting customer expectations is the new baseline for performance.

