

PMPOV112 - Let it Flow, Success without Force

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0:00:05.3 Announcer: From the Washington DC chapter of the Project Management Institute, this is PM Point of View, the podcast that looks at project management from all the angles. Here's your host, Kendall Lott.

0:00:19.6 Kendall Lott: Hello PMs. So today we extend the discussion Mike and I had in episode 100 with Steve Tendon, Unleash Flow by Taming it, we're going deeper on change and on flow and on theory of constraints and on critical chain project management and on self-organized teams. I'm told it's all magic, but my job is to help get it distilled down to the punchline, 'cause, I don't know the answers, but I'm very interested in learning what it all boils down to. We are lucky today because we have, as always, co-host and my mentor Mike Hannan, with his partner in crime in terms of writing a book anyway, Mr. Wolfram Mueller, founder of BlueDolphin, and get this, turns out BlueDolphin is a high speed, get it done yourself DIY change system to drive below. So let's learn how to do it. You're gonna get something out of this one here today guys. You're gonna get your pens ready and you're gonna write something down. So, gentlemen, welcome. Where are you calling in from?

0:01:12.5 Mike Hannan: Hey, I am calling in from Quebec City, my first time here.

0:01:19.1 Wolfram Mueller: Okay. I am connected from Germany. Good old Germany, somewhere in the middle of Europe. It's far away in the midnight here. Huh? So speed up a little the conversation, huh, to get back to bed.

[laughter]

0:01:35.2 KL: We just gotta get self-organized, I understand. And get the flow going and we'll be good to go on that. Where in Germany are you calling in from, Wolfram?

0:01:39.8 WM: It's called Kratzenburg, it's a southwestern part. Maybe every one of you know Heidelberg, huh?

0:01:46.8 KL: Yeah.

0:01:48.1 WM: So very near Heidelberg.

0:01:49.8 KL: Excellent. Well, thank you for taking the time to get on here and explain stuff to us. We've been waiting for you for a long time. We've been wanting to get on this call and make it happen.

0:01:57.5 WM: Okay.

0:01:58.6 KL: As we've talked with Mike for so long, so you two go way back as I understand, even before you met physically even, and I understand a lot of your engagement was around a TOC,

Theory Of Constraint Conference. There you were all learning. Now we have Mike's Acclaim Model and Wolfram's BlueDolphin platform. Here's my question to you two. What is the tie that binds those two? What's the commonality that you're focused on and what was the problem it solves that you hadn't solved before?

0:02:22.8 MH: Yeah, let me tell the origin story if that's okay. So I grew up in the agile revolution, the.com era, the extreme programming world. And I saw a lot of the goodness from that in contrast to some of the waterfall stuff that I learned from really some great project managers in NASA who I think were among the best in the world and excellent mentors to me, and still good friends in some cases. So I always thought, well, there is goodness in traditional practice. I saw some improvements from the Agile movement and lived through it, and that was exciting. And I lived, you know, I started to pick up some of this lean stuff as we went along. You know, back probably in the 2005 era, somewhere in there. I saw how the Agile and Lean worlds originally hated each other and finally started to collaborate and learn from each other and do some good things to promote the cadence of value delivery and help their businesses thrive and help government thrive. But I had never heard of this theory of constraints stuff. I was over 20 years into my career and had never heard of it. And same with critical chain project management. And since I consider myself a project management expert, I had the very arrogant view that if I've never heard of it, it must not be worth hearing about.

0:03:35.2 WM: Mike, then you never read the Pimple Guide. It's written there. There's a small paragraph. It's not a bad idea...

0:03:41.6 MH: It's a footnote.

0:03:42.8 WM: To do critical chain bloody.

0:03:44.7 MH: It's a footnote. Yes. [laughter]

0:03:44.7 KL: Well wait, in what version?

0:03:48.0 WM: Number four I think.

0:03:50.2 MH: Six. Fourth to six I think had a footnote. Fair enough, fair play, Wolfram. Anyway, when I finally allowed myself to, you know, the room to learn and I finally backed away from my arrogance of I think I already know everything or I'm already an expert, I don't need to learn anything else, I learned some really powerful concepts and I began to wonder how they might all integrate together harmoniously. And when I went online, I saw the opposite of harmony. I saw lots of arguments, lots of like almost religious debate. My methods are better than yours and here's why. No, my methods are better than yours and here's why.

0:04:31.3 MH: And of course, as a truth seeker, I thought, well, if there's goodness in all of it, well then they can't possibly be in conflict. There might be aspects that are in conflict that might not be goodness, but if it's goodness, then there should be harmony. So let's find it. And I finally started to develop some ideas on exactly how, but I thought, this is so simple, somebody else must have thought of it. So I started googling around, this is back in like 2012, I think. And a week earlier a video had been posted from a conference in Baden-Baden Germany, where this guy Wolfram Mueller was presenting. And it was clear that he had already integrated things in a harmonious way.

And I immediately found a way to contact him. And we had a couple, you know, Skype sessions, before long we agreed to write a book together. That book came out in 2014. In those days, I think you were calling it Ultimate Scrum and Reliable Scrum, Wolfram.

0:05:27.6 WM: Still do.

0:05:29.6 MH: Still do. Cool. Fast forward, yeah, we did collaborate on that book together. Wolfram had already collaborated with Steve Tendon on his book, and we already talked to Steve a couple months ago about that. So you see how a lot of these roads converge. But we found a problem that as compelling as the ideas were and as much fun as we were having experimenting with them, mostly in Wolfram's organization, he was the PMO director. And so if I had an idea, I would say, well, you know, you can try this in your own portfolio Wolfram, let me know how it works, right? And he would say, yes, I actually just tried that myself last week or last month. And it was sort of a fun collaboration.

0:06:07.3 MH: But when we went to present at this conference in Germany in 2017, we discussed overcoming a problem that still remained, which is, this is too confusing. People are not gonna be experts in multiple methodologies, let alone how to harmonize them. We can't expect them to read 25 books and talk to 25 experts in all these different fields just to try and improve their business. We believed there was some inherent simplicity to it. And so we challenged each other with coming up with a way to honor that simplicity as an organization would perceive it, even if it means putting us consultants out of business. And so we co-presented on that. There were some interesting ideas. I think the most interesting one was Wolfram's, which he's now brought to life over the past few years called BlueDolphin, which is a genuine DIY approach to driving your own flow improvements with just a touch of additional knowledge and guidance, but a massive learning effort.

0:07:08.1 WM: Wow. And now I have to explain what you tease it, huh?

0:07:10.7 MH: Yeah. Well, I'll say this to help you, while I did help here and there with Wolfram's BlueDolphin approach, but I will also say that if I deserve credit for anything, it's the hashtag, no consultants.

0:07:22.3 WM: Okay. So...

0:07:24.3 KL: Well, that definitely, well, let me just say that was one of the things that caught my eye or caught my ear when talking with Wolfram last week was kind of, you talked about inherent simplicity, but part of it was some magic in seeing how consultants need to work with clients. And it's like, if you wanna talk about self-organization and you wanna talk about having flow, then we need to get out of the way of all that. And I thought, wait a second, what's going on here? And I think that was super perceptive, and I hope of course none of my clients are listening, but in case they are, I'm all on board. So let's help you get it done. Wolfram, tell us about it.

0:07:58.9 WM: So, okay, now I have to clean up everything. Yeah. What you put on the table.

[laughter]

0:08:01.0 WM: I just want to start in the beginning. That's always a good thing. I don't know

whether everyone knows about theory of constraints here in this call or in this podcast. And in the end it's very, very simple. Theory of constraints is just an idea that every system has a constraint. If it has no constraint, it would explode. So it has to have one. And the interesting part is most of the managers do not see the constraint because when they see it, they will fix it. So mainly it's a hidden constraint. And then the magic already starts. If you really believe that you have this constraint, it can be different kinds of constraints and stuff like this, then it makes no sense to overload this constraint anymore.

0:08:51.6 WM: If you overload a constraint, you get funny effects, multitasking and stuff like this, you waste a lot of the capacity of the system and you will drop in output. And that is what we see everywhere. Companies overloaded, overloading their constraint, whatever it is, doing multitasking, completely stupid. And even in Agile, they overload everything. And that's theory of constraints and theory of constraints found a few ideas how to get out of this mess. And the first is find this constraint. And you can read books or you can ask Mike and me we can help her to find it. And then you see it. And then the first step you have to do is underload the organization. And I really explicitly talk about underload, though that that's the next hashtag, I will use underload. And that's not that the people are doing nothing, it's just planned underload. So the constraint is not overloaded. And if the constraint is not overloaded, no one is overloaded. So a typically good load is something around 80% in the constraint and 60% around that. Okay, everyone got this? I don't know...

0:10:06.4 KL: No, hold it, back up. So why don't you give us an example that would be simple. You can follow through your steps here. When you say a constraint, what would be an example that you've observed that would be simple to explain here? And then what do you mean by underloading it then? What does it face and what does it mean to underload it?

0:10:22.2 WM: I will give one and then Mike, I think you'll find the other one.

0:10:26.3 KL: Let's just walk it through your steps. So first step, what is a constraint?

0:10:30.7 WM: Yeah, for example, in IT organizations, very often it's the moment where the customer comes around with an idea and then you have to find a way to fulfill this that is easy to implement in the organization, in the systems. So you need in this moment, typically not the newbie, not the beginner, but you need two or three or four of the guys who really know how all the stuff is built and how everything is connected. So the constraint is very often in the beginning of a project where the creative senior staff and the decision makers have to come around and it's typically a few weeks or something like that. Then everyone knows what to do. And in the end of the project, you very often need the same people. If something's happening, you need also the senior stocks.

0:11:24.3 KL: So if I'm interpreting this right, and this is something that all project managers I think face in any version of this is finding the expert that helps me understand even what I'm going to start understanding. It's like the kickoff before the kickoff meeting, before the planning starts, right?

0:11:36.5 WM: Sure.

0:11:37.2 KL: I need experts. And you're saying one example often is the expert on this thing that

the customer is demanding, need...

0:11:44.1 WM: Yep.

0:11:44.6 KL: And you're here to serve customers. So that might be a constraint to this expertise.

0:11:46.0 WM: And very, very often it's really like this, that you have three or four, even in a thousand man company, you have three, four, five, six of these. You don't know exactly who, but you know that you can't have more than one project in this critical phase. So underloading means really taking care that these guys never do multitasking, that they're available, that there're just as many projects started as they can very well process.

0:12:19.8 KL: We're not trying to make sure they're working overtime on whatever's available. It's working on the right things and it fits within the timeframe they can work reasonably or whatever. They're the experts. Make sure they're available for that and do that.

0:12:32.4 MH: Now, I'll take that example a couple steps further. If you have say in an IT organization, some senior architects that have designed and built half the systems in place and they really know all the shortcuts that were taken, they were around for the last merger, anytime you go forward and design something for your next mobile app or your next whatever, if one of those guys is not present to weigh in on the design, you will end up redesigning it three months later. And the reason that guy might not be available for your design meeting is because you overloaded him. He's triple booked and he'll choose, he or she will choose the thing that they think is most important to the company or maybe just the thing they're most interested in and everything else suffers.

0:13:16.2 WM: So that's a very typical constraint in knowledge work and IT work.

0:13:19.4 KL: Here's the problem. It's too abstract. And that's in fact why you guys wrote what you wrote. And so I loved your examples there. It's very much fallible. We don't have to go down through that. So continue on though, 'cause you did wanna lay out some of the approach. So we know a constraint and you've gotta make sure that those things are available to you.

0:13:36.0 WM: Then in that sense suddenly everyone is underloaded. And if you are underloaded, then you have another problem because all this priority schemes are not working anymore, huh, because now you have time and the only thing you now have to know is where to look at whom to help. So in good implementations after this freeze, we call it often freeze, 50% of the people do not have projects anymore. So they are running around searching for work and it's wonderful. And then they have to know where to run. And in critical change, you see there's always a signal that indicates what is urgent so important. Everything is important because it's loaded and it's underloaded. But now it's about urgency. And TOC always take progress versus buffer consumption in any form.

0:14:32.7 WM: So sometimes burn down in modern world, but progress on the critical chain can be one versus buffer consumption. And every day someone tells how long he needs to finish his work package, and out of this you can calculate the progress in a project or the burndown. So if something's going wrong, happens and we know it, we are project managers, shit happens everywhere around the world. So that's normal. Then you consume buffer and as long as your progress is faster than the buffer consumption, everything is green and the other way around

everything or you'll get red. Huh? So you are slower than buffer consumption. And the only rule left over is if you can support the project, the initiative, the release or whatever that is red, then do it. So everyone knows what is urgent and everyone is enforced to support as good as possible.

0:15:40.3 MH: Hey, so Wolfram, a colleague gave me an example that I thought was brilliant the other day. He said, imagine that somebody is malnourished and it's quite urgent that we get them better nourishment to recover. And so that's obviously the priority. We're gonna start giving them proper nourishment. However, if in the middle of the nourishment they suddenly start choking and they're desperate for oxygen, well, there's very little buffer remaining if they don't get oxygen, there's more buffer remaining to still get them well-nourished. So stop feeding them and get them oxygen. So these are just signals to do what I just described, which should be obvious, but it's not always so obvious in organizations.

0:16:19.8 WM: Yeah, normally it's hidden, but the example you showed is such a signal must make sense, immediate sense. So, and if it makes sense, you don't have to explain it. And you asked about self-organization stuff and now you see already the magic a little evolving. So if you underload an organization, then there is room for moving around and helping each other. And the interesting part is we humans, we like to help each other. Not all of them, but in most companies, they really love to help each other. And if you are underloaded and if you know who's choking, then you're running to him.

0:17:02.2 KL: That simple.

0:17:03.7 WM: It's so simple. So all this management, blah, blah, blah overhead, you don't need it. And you don't have to explain it so they immediately know what to do.

0:17:15.7 KL: I wanna jump in on there for a second because it... So as you said, you know, we've kind of covered some of the backbone or key elements that we need to think about for our theory of constraint, but you guys moved away from that a bit. This self-organization is important, this idea that you don't have to direct it and that we are better off when people can self-organize, which happens when you know what the problems are and what's urgent. So that's coming out of all of this. So I think that's the powerful piece that you were thinking about that in part takes away the need for design. We don't have to intentionally design some of this if we've designed the larger framework of understanding what the constraint was, what has to be done, right?

0:17:53.2 MH: Yeah. And I'd like to offer like an extreme example that I experienced a few years ago where an organization had very clearly a much higher priority project than all of the others. And it was a for-profit company. And this was all about massive amounts of profit that they could achieve compared to all their other projects. It was so clear to everyone, all the way up to the CEO and the CEO said, well, we need to make this a priority obviously. And everyone said, yes, yes, we agree, it's priority number one, but we also have priority number two, three, four, five, six, seven, eight. We're gonna keep all these projects going on. And the CIO asked me for advice and I said, well, it seems like it's like the value difference is so high, there's so much money at stake. And it was the type of initiative where the sooner we finish, the sooner we get the rewards. It's not just a due date, right? Every day early is a lot of money for the company. Every day late is a lot of money lost. And so I said, I think you should put every single other project on hold and just do the one project. And he said, no, that's ridiculous, that'd be chaos. We'd have way too many resources, too many cooks in the kitchen. They'd all be bumping into each other confused, trying to figure out

what to do. Some people would just be standing around doing nothing.

0:19:14.0 MH: It would be a disaster. And I said, "Well, I want you to trust me on this because the team will know how to self-organize." The team knows what's at stake for the company. He's like, "Well, we should probably like set up a whole bonus structure for every day early we deliver this project so the team is incentivized." And I said, "I actually don't think you even need that." So just the team wants to help the organization thrive, they'll self-organize, I'm here to help them do some planning or whatever. And so he did it. And I'll admit to you all, I was super nervous initially because I actually did see chaos initially. And people were not planning...

0:19:51.3 WM: Mike, it doesn't take long. It's chaos a few days.

0:19:54.6 MH: It didn't.

0:19:55.7 WM: And then it organizes.

0:19:58.3 MH: Yeah. I think chaos theory says like chaos is not sustainable. Right? You have to have something to crave some organization out of chaos and that's just human nature too. So I was quite nervous when I saw the chaos initially. Nobody was doing any planning. Nobody was doing any buffer signalling. Nobody was doing any of the things that I was there to help them do. But boy did they organize well, and they accelerated this schedule from 15 months to three months. And it drove massive value for the company. And then of course, all the other initiatives that were put on hold got restarted pretty quickly but with better prioritization and the overall value delivered by the portfolio instantly went up.

0:20:42.7 KL: Comment and a question here. My comment is I appreciate what you said about this where he also, a little off track offered an incentive, considered an incentive structure. Given the breadth of what you had suggested that he do, it affected everyone. It affected lots of people.

0:20:57.2 MH: Yes.

0:20:58.3 KL: Something I would suggest to listeners to consider, knowledge workers who are being invited to be effective, all you would get out of that is not more cooperation. You would actually start creating competition. And competition, you gotta be careful what you buy here. You may not have wanted to buy internal competition because you weren't looking for necessarily best, but you were looking for success that everyone understood. So I would urge people to consider if you think you're incentivizing through the dollars, you're probably not. And if you do, you might be incentivizing the wrong thing and that's a real thing. And here would've been an example where you don't want to create a silo inside a properly self-organized thing to maximize effectiveness. You don't want to create all the sub-optimized effectiveness structures, right? 'Cause they're chasing an immediate goal of their dollars. That's just a comment to think about. Mike, you had stopped...

0:21:53.5 MH: You're right on Kendall, 'cause what do you do with the bonuses, everyone gets 10% of their salary? Well, my salary is twice as much as yours.

0:22:00.1 KL: Yeah, it is just...

0:22:02.7 MH: Well, do we give everyone the same dollar amount? But I'm a more key player than

you. Why do you get the same dollar amount as me? It just creates too much noise in the system.

0:22:14.7 KL: It does create HR consultants though.

[laughter]

0:22:16.4 WM: Okay. But now the hashtag, no consultants, huh?

0:22:19.5 KL: Yeah. We're gonna get there in a second.

0:22:19.6 WM: Keep them out. Keep them out.

0:22:20.1 KL: That's my question. Wolfram, that's my question. So this is so beautiful. It's so obvious. It's peace and love everywhere and all the professionals we've hired that went through the proper HR processes, we've got the right people doing the right thing. Who needs seats on a bus? All the seats are good seats and you'll figure it out. So why doesn't this happen, Wolfram?

0:22:39.5 WM: It's a two step process. But Mike already started with this. You heard Mike already talked a lot about business case. The paradise is now very clear, underload everyone knows what's critical and everyone helps each other. And now you have to go to the top management. The top management says, "Yes, guys go home and drink something else but not this." So this is something stupid. Or take another pill. So the red ones instead of the blue, I don't know what, but they...

0:23:09.1 KL: The CEO bought off on it here. Upper management was all about it.

0:23:11.0 WM: Yeah. No, no, no. They typically are resistant. You are completely Netic (?).

0:23:17.7 MH: Everyone resisted except the CEO and the CIO.

0:23:22.7 WM: Yeah. But in the beginning even they, typically they do not know about the business case. And as the business case of self-organization and having this up and running, they say no underload. No, that's not a good idea. So very often even they do not grasp the idea in the first run. And just because most of the PMO leads and the project managers do not know how to calculate business cases, most of them think it's a cost business case. We can save some manpower or machines or whatever. But that's not the case. So this magic happens if you have a growth case. And growth business cases are completely different. And just an example, and it's very easy to calculate, oh, we were in a company, we had \$2.5 billion sales. It's not a small one. And they produced some electronic gadgets, the business case was very simple to calculate. We did this research, looked for the constraint. The constraint was overloaded. We did some experiments with the constraint.

0:24:31.2 WM: And within two weeks they reached 60% more throughput in the constraint. In the constraint, 60% more throughput means sales can go up by 60%. So no one can sell 60% more. That's impossible. So they said, sales said, "Okay, 10% more we can sell." So you remember \$2.5 billion, 10%, it's \$250 million, right? That we are the 10%. And then they build these gadgets, this electronic stuff, and 50% of the costs are material and licenses and stuff. So 250 million divided by two, it's 150 million. And because theory of constraints does not increase cost, you can calculate how much is the bottom line increasing in a year, \$150 million. That's 300,000 a day. And that's

very...

0:25:31.2 MH: That's free money.

0:25:33.1 WM: Free money. It's just... Bottom line.

0:25:38.4 MH: Free profit.

0:25:39.0 WM: And you saw how easy it is to calculate a growth business case. And every head of a PMO, every CTO, COO, they really have to know the impact on the bottom line. So if you do theory of constraints, 10, 20, 30, 50%, and we saw more, we saw much more increase in project throughput will lead to a doubling, tripling, whatever, quadrupling of the bottom line. And that is one message to you project managers around the world, really understand how business cases are calculated.

0:26:20.8 MH: Yeah. In fact, I remember when somebody asked me to calculate it once and I just did an example like the one you just walked us through, Wolfram. But he also said, "How much faster would we have to go in order to double profit?" And the thought was, "Well, probably twice as fast." We double speed, we double profit. The reality was you double speed, you get quadruple the profit. So it's like an amplifier effect, because again, it's the same resources. They're going faster, but they're not doing it in a way where they're doing crazy over time or there's massive stress. They're just doing it with more natural, you know, honoring the way the brain works, right? Honoring the way collaboration happens when it happens really well.

0:27:02.7 KL: One of the things that strikes me from what you're saying, when we take work off the plate, for example, of the constraints of people or specific kinds of people. When we take work off the plate for them, we wanna make sure they have enough work to do though, right? It seems by implication that the ratio we have of how many senior consultants do I need for that expert, technical expert, and then how many proposal writers do I need wrapped around that and then how many editors do I need wrapped around that, there's a math that often organizations have about how they've got their throughput. When we underload these people, what's happening to all the other resources? You said they were in chaos briefly till they reorganized themselves. Is there enough work for them?

0:27:42.8 WM: No.

0:27:44.4 KL: Uh-huh. As a CEO, am I struck by how many people are wandering around in the hall saying, "Well, I'm waiting for the red light to go on so I can go help someone. Let me know when you want me to help you."?

0:27:57.7 WM: But that's okay. But the increase in throughput is there. So for me, it's absolutely fine to hold this. And now we are coming to the third step. If you relieve an organization, then the throughput goes up, sales gets sweat on his tears because they have to sell all the stuff. But the people itself are somehow underloaded and they stay underloaded. So in the middle you have a new problem, the middle management. So the people, well, they help each other, fine, but the middle management now gets more or less panicked, and you get resistance from them. Top management says "Yes, we want." The worker say, "Okay, if I'm underloaded, nice, then I can help someone else." But the middle management, and that was, I think, that was part of the Berlin story, Mike.

0:28:53.8 MH: Yes.

0:28:53.9 WM: And that was the last piece in the puzzle. We found how to convince middle management. And you can't, it's impossible because... And that was the big change in my attitude. I always thought, "Okay, they are not so very intelligent or they block everything or..." And I had a bad attitude about middle managers because...

0:29:21.6 MH: And Wolfram, you're not alone. There's even a term called the frozen middle.

0:29:27.6 WM: Yeah, yeah. And it was really stuck in my mind. And in one of these billion dollar companies we were sitting together and they showed resistance like hell. It was really, I really was afraid that they will tear me apart. And suddenly something happened in my mind, I thought about, "Hey, why do you have so much energy to talk in this way with me?" And then they said, "Hey, you're a threat to our organization." I said, "No, no, no, no." But they really, they are working all day to keep the system running, the middle management. They work the whole day and they are overloaded and they keep the fires down and they go every day in the morning, stand up, go to this company, firefighting every day since years. And then a consultant comes around and says, "Hey, do this and everything is getting fine." I would show resistance too. And that was so personally enlightening for me because then I thought, "Okay guys, so you have so much energy and loyalty to keep the system running." And then they said, "Yes, it's hard work. Every day we keep the system running." And if you tell someone about freezing and stuff like this, we are just panicking because we are afraid that you risk our company.

0:30:56.2 MH: Yes.

0:30:57.2 WM: And then I said, "Hey, you are right. I understand you." So now let's talk the other way around. What is frightening you? What are the risks? And then let's talk about how we can solve this, and make the change secure to come to this paradise without any risk. And this resulted in this challenging workshop we designed.

0:31:25.5 KL: This is the do it yourself aspect then. You're saying that the key is that they have to see it themselves to do?

0:31:33.4 WM: Yes. And to give them the absolute freedom to say why it's not working. And that's very important. After this moment, we turned it around. So convincing top level management is easy. The business cases are wonderful, huh? Paradise is half as nice. But then the top management gives the order to the middle management to prohibit that the consultants get the order and prohibit that the change is done. So they have to prevent the change and they have to explain why it's not working. And then suddenly something's happening. Now they are in there, they feel accepted because of the value of saying no, it's not working. And in that moment, they come up with all the obstacles.

0:32:27.9 KL: Hold on a second, when you say no, it's not working, that the current status quo is not working?

0:32:31.5 WM: The new ideas of underloading and signalling. So the new stuff is not working.

0:32:36.4 KL: So they don't have to recognize the current problem, they have to recognize what they deterred might not work. So they have to make an argument against it?

0:32:42.9 WM: Running through the old problems, it's futile. So you're speaking in the old one, but really saying no, why it's not working. And the interesting part is if you don't tell them how it's working, they come up with a solution on their own. Because everyone in the company already tried to solve the problem at some point in time, but they were never allowed to be in one room and sort it out. And the middle management is not the frozen layer, the provision layer, they fight for the company. And if you let them fight for the company, they will come up with the real solutions and we as consultants, we just have to sort it a little out. And then they say, "Oh, this is cool. This is the first time that we see what has to be done in which order." And then a little storytelling and then they will do it.

0:33:35.1 MH: Yeah. And you know, this is rather than jump in with examples or stories, I wanted to emphasize, this is more than just reverse psychology. This is genuine veto power. If there's anything that you think will not work, you have the ability to stop it all. Kinda like the old model where anyone in the factory is authorized to shut down the assembly line if they see a problem. It's real power, it's not like fake psychology. Okay? Because they will tell you, because they care so much, they have so much passion for it, as Wolfram described. And I thank you all day long for this breakthrough Wolfram, because I never saw it until you showed it to me. This thing about it's not the frozen middle, they're not change resistant by design, they just care a lot. And channel that energy toward what future they want.

0:34:22.5 MH: And as one example, I ran into a resource manager at a very project centric organization that was pretty large, and they spent all day long trying to figure out, "Okay, well, this other project just started. They need this resource. We don't have that resource. Well, maybe I can squeeze 10% of that resource out of some other resource assignment. So now I've got this poor resource split 50%, 40%, 10%, and then the 50% has a problem and they need more of that resource. So now I have to reshuffle the resource loading again." And they spent all day long just trying to fine-tune these resource assignments within their resource constraints. And if you say, "We're gonna get rid of all that for you," that's scary because they've mastered it. They've mastered this resource assignment challenge. But if you say to them, "What would you prefer to do with your time?"

0:35:14.8 MH: If you could just reset everything and create your own dream environment, they would say, "I hate doing all these little resource assignments all the time." I wanna do more mentoring and growing my people. I want to have time to... You know, and they'll have a long list of all the things they would rather do with their time instead of some of this tweaking at the fringes or firefighting or going into react mode. They want to be more proactive and really help the organization up their game and thrive. And so even this resource manager whose job is going to look very different and like, "What will I do all day if I'm not always doing the 10% fiddling that I've gotten so good at? I have this master spreadsheet where I've got everyone's allocations perfectly adding up to 100%." And instead they say, "No, I actually can do what I'm supposed to do."

0:36:00.6 KL: I got to experience this with a government client. When you say it that way, one of the concerns they have about improving systems, now theirs is around an automation improvement that they need desperately but I think it's similar to what you're saying. When we asked why is this better, to have a better system that works better? And they're like, of course they want something

where they click and they're not frustrated. Frustration goes down when you have a better automation than they have now from their older system. But it was more than that when we got them talking. And actually people, managers on their behalf of certain skill sets, which is we could allow them to be more of the kind of people they trained to be.

0:36:36.7 WM: Yes, absolutely.

0:36:38.3 KL: Which was not trying to figure out how to work around the IT system that was broken or to struggle with it. We all want it to be better but there was a statement above that, which is we hired them to be able to... It was essentially counsel, to guide others through the process of figuring out how to do things and get money and do grants and community-based organizations. And they're like, "That's what we hired them for." And that's what they wanna do. It did have organizational implication, which is when we are not doing that, they leave. So there's an actual implication that when we allow people to perform the way they need to, and to the extent it's related to your self-organization thing, we know there's a lot of ways there. But yours is around self-organization. This was a simple automation problem. Simple. This is an automation problem. But my point being is I think there's a real value in how people get to use their time and inviting them to ask that and answer that is a big key.

0:37:28.2 WM: And we are coming really to the core and the magic moment. So the challenging workshop, finding out the obstacles and overcoming it, that's already wow. They feel the first time or they understand how to come to paradise. And very often, and I talked a little about storytelling, and Mike just opened the door and it's a magic moment. Why should anyone do this? And it's very hard for the most of the people to really tell it because they worked over years in a stupid system. And very often at the end of the workshop of the challenging workshop, we ask, "Hey, why are you here?" And then they say, "Oh, we are not so sure anymore." These meetings, escalations and stuff like this. And then I often, and that's my magic question, if you ask the people, "Hey, but you once started to work here."

0:38:27.0 KL: Yeah.

0:38:29.1 WM: Yes, yes, yes, yes, yes, yes, yes. And Kendall, I saw your face, and you immediately, something happened. It was a magic moment because when you start a new job, you are full of hope. You want to change something or to earn money. But that can also be interesting, you have to feed the family. But it's a magic moment, and you decide. No one forces you to sign. You decide. And when you ask the people, hey, what was the main argument for you personally to sign this? And then they go back 20 years ago and they say, "Hey, this company does this interesting electronic stuff and it was so advanced, and I love to do electronic stuff." The next one explains, "I wanted to work in international company and bowling all the time around the world and solving problems." The next one, "I want to make quality or something like that," you see, huh? And once we were in a company they made management overhaul and repair for locomotives.

0:39:35.3 WM: And suddenly everyone looked at each other. Oh, we are here to keep the drains running and the whole government is depending on us, something like this. And the whole company, the whole management say, that's why we are for. That is our why. And then it's very easy, huh? Then you can say, and how many time of the day you are doing right now working on your why? Well, five minutes, because that's the only thing left our work after doing this detailed resource planning stuff. And then we ask, okay, if you underload, if you have the signal, what will

change for you? And it's reproducible. Huh? Then they will say, oh, then finally we can do more while we are here.

0:40:22.2 KL: So let's back up for just a second. 'Cause you made a leap in there. They've often tried to solve these problems and they couldn't, there was something the consultant offered getting the CEO and it sounded like it was focusing on the business case and know what to focus on.

0:40:34.3 WM: Yeah.

0:40:34.7 KL: And secondly, it was to understand where there might be a problem and to convince them to underload. That was like the part where you left it off and you let them figure that out. What is really the problem where we're facing and where is the thing we need to underload or offload work for, take out of the system? And you're letting them figure that out. You just made then, I think that's a connection through our discussion so far. The next part, though, you guys had talked about earlier, and you just hit it again, is then there has to be this self-organization that happens because of the signaling. In other words, somebody has to set up the signaling, if I understand correctly that's the consultant's role to help them understand how tools or techniques to understand the signaling. Or it's like, well guys, you figured out, good luck, make phone calls?

0:41:15.8 WM: No, no, no.

0:41:17.4 KL: They just have to make phone calls.

0:41:17.4 WM: But this is not the big issue. Huh? I explained it earlier that...

0:41:20.0 KL: Well, the underloading and signaling are the two things you keep hitting. So what do we need to know about signaling?

0:41:25.6 WM: Yeah, but I already explained it. It's so simple, huh? So find a way to have a simple plans report every day, the remaining duration of a work package. Calculate the progress of the buffer consumption and feed this signal to everyone in the company. It's not more, and today you have this computer stuff, you know what the computers are, you're sitting before one and you can type in and send messages around and they can calculate whatever you want. And these computers do all this calculation stuff for you. So the only thing you have to do is make a rough plan. The systems already calculate the buffer. And every day the work package you're working on, you have to say how long it'll take.

0:42:10.5 KL: That's it.

0:42:12.1 WM: That's very easy. We implement this stuff, this project management systems within a few days in all the companies, they're good educated. Typically, project managers are well educated in drawing boxes and errors and stuff like this. So that's not a big issue.

0:42:27.4 MH: Let me elaborate on one part of it, because I will admit that when I first heard about all this as an experienced PM, I didn't understand it on the first try. So, we gave the example of somebody who needs nourishment, but now all of a sudden they need oxygen more. And that's a... You get a signal that tells you that and you just respond. In a project management environment, what Wolfram's talking about is, imagine two projects, they're both one month long, just keep it

simple and one gets stuck on something and they're burning buffer fast. Now they need attention if they're gonna make that due date. And again, let's imagine the due date actually has real money associated with it. And everyone knows that the due date's important, not just because the boss said so. Well, now I know that if I have less wiggle room, less buffer on the one project, I'd better prioritize that. And that's the only signal that Wolfram's talking about. We have computing software and things that just calculate it all for us. So that's just as easy as the guy that needs oxygen. Let's just devote resources and attention to where we know it's needed in order to protect the value we're trying to deliver.

0:43:31.9 KL: Sounds like what you're saying is, no, we don't devote, we allow people to self-organize to find their devotion, to find where they're going to help out is what I think you're after, because they all know the same information. What's happened is I think we're unlocking the design from management on a fix. It's share the information. What I'm hearing is share all the information so somebody knows where to go help.

0:43:54.2 MH: Yeah, that's fair. And I'd go further and say, there's nothing in this model that requires a boss to tell you what to do.

0:44:00.2 WM: Yes.

0:44:01.5 MH: I just go give oxygen to the guy that needs it.

0:44:05.6 WM: But you need to have this signal and that's the hard part, and self-organization is not easy at all, because you have to follow the signal. And that's the only remaining thing for the middle management and the top management to do is to ensure that the people help each other and no wrong incentives and stuff like this. So this is the only left over for the management to do, is to ensure that they really follow the signal and help.

0:44:38.0 MH: Yeah. So you're suggesting the signal is the only real guardrail that we need to give and we just need to give them a fast car, train them how to drive it, set up the road with proper guardrails and let them drive.

0:44:49.7 WM: Now it's a little hard because we don't have visuals. So you have to search for it in Google scatter plot, critical chains, scatter plot, or read the book from Mike. There are a lot of scatter plots in or something like that. So the method is called Critical Chain Project management. Huh? It's written down in few books and it's nice to read, it's easy to calculate. Everything is fine. There is software that helps you to generate this signal. Kendall, this is not the big issue, huh? Because most project managers are well educated. The system is so easy, you can introduce it within a few hours explaining to project managers. But what you have to do is every day, giving remaining duration, calculating the signal, and distributing the signal and ensuring that it's followed. And that is the must part of all this, the discipline part of all this. And therefore, it's so important that the middle managers understand the why.

0:45:51.5 WM: So the hard part is the signaling generation every day. So they have to understand why it's important for them and the company. Then they will send the right messages to their people. Follow the red, help the others. Educate yourself to help others...

0:46:09.9 KL: There's an implication in here though. I want to come back to me. Which is, this

must be in a system that's large enough to have enough resources of all the variation. That the different needs are actually met. You blindly said the guy should go pick up and get him oxygen. Well, What if the people you have around are not people who can lift an oxygen bottle? They're very good at delivering little gorp and food. Right? But they're not good at carrying oxygen. So your assumption seems to be that there are thousands of resources sitting around waiting to do...

0:46:41.3 WM: Not thousands.

0:46:41.4 KL: Whatever aspect needs to be done.

0:46:43.2 WM: Not thousands. It starts, I think 2030 it already starts.

0:46:49.5 KL: Okay. I think that's small.

0:46:52.8 WM: What you see is, that most of the people know what the others are doing because they're working in the same company. They are maybe not the perfect expert, but they can help the expert, or the expert can tell him what he has to do. And then he shows the result to the expert and the expert guides him. So, if you are not overloaded, he will remember underload, hashtag underload. Then you have time to learn. And you are, the people are intelligent. And they are willing to help. That's built in our humans. So, we are willing to help. We are willing to learn. Just the school system made us a little dumb, but in the beginning we want to learn and it's just our mental model about efficiency that prohibits this. So, it's not a big Issue.

0:47:42.5 KL: I agree with you there. I think there's the tyranny of efficiency is that we all face and middle managers actually trained it. I'm gonna get back to middle managers in a second. Mike, I want to ask a question still around that. I'm not satisfied with this answer. And I'll tell you why. You and I have talked a lot about R&D projects versus standard projects. So the role of waterfall even, or even agile as you look at something where you have a known outcome versus something that has been... That has got replication and built into it of some sort because we know how to do it. This is only by analogy. We've understood that there are two different project methods for that. I'm querying whether or not this process works in an organization that is not doing multiple versions, like you said, many, many projects, but the one that matter more. Mike, you gave that example. If they're not doing a lot of the same kind of project, I'm not convinced that the resources are knowledgeable on all of this. Even if they want to learn.

0:48:32.7 WM: We don't have to...

0:48:33.4 KL: Unless we aggressively allow that...

0:48:34.5 WM: Mike we don't have to answer this. This is part of a challenging workshop. So...

0:48:39.2 KL: Oh, good.

0:48:39.5 WM: So, Kendall. Now you've got...

0:48:41.2 KL: Excellent. Tell me more.

0:48:42.6 WM: You've got the main idea and now you are in the role of a middle manager. Typical

middle manager. And I can promise you if we start now to answer this question, we will end up in 350. So, we know about 350 of these arguments, but this is the magic of the challenging workshop. So, if you want to have an answer on this, you have to hire in the end Micheal only.

0:49:09.5 KL: That would help us...

0:49:11.0 WM: That is what we are paid for.

0:49:12.0 KL: In fact, all of our projects are the same. And anyone working on any project can do work on the other project.

0:49:17.7 WM: And you don't need... Everyone can do everything, huh?

0:49:20.9 KL: Right.

0:49:21.8 WM: So there are just a few who can help out and they can learn. And it's in practice. Every of our customer had this fear, but it was done in days.

0:49:34.4 KL: I'm just suggesting that I think size matters here.

0:49:37.8 WM: It starts 20 upwards. It works.

0:49:40.4 KL: So, fairly small. Okay.

0:49:42.2 MH: I think even smaller...

0:49:43.2 WM: Even smaller.

0:49:44.6 MH: But either way, like take your oxygen tank example. Maybe I genuinely can't lift it. Well, I could probably find someone to help me lift it because we're underloaded. Well, What if I need five people to lift it? Well, we're underloaded. I could probably find four other people. Well, What if that's dangerous and we drop it on our foot? Well, then go find a dolly to load it onto the something that has wheels and you can pull it around, right? Well, we don't have a dolly. Well, Can someone go down to the home depot and get a dolly?

0:50:10.2 KL: In fairness, the way you used your model before was what we underloaded was the person who feeds the person, that the person who solves malnourishment was the e-resource that was the constraint level that we underloaded. We didn't underload the other resources. So that means that they are available though, we're thinking.

0:50:27.2 MH: Yeah. And indeed, take...

0:50:29.8 KL: Or did the exchange just move?

0:50:31.1 MH: Well, to help clarify, maybe take the example of a simple operation with like a small like surgical center. That has one surgeon. You know, the value is more surgeries, not just for money for that surgeon, but more people helped and done well with high quality, right? Where people can actually heal from their orthopedic issue or whatever. Well, I can't do as many surgeries

if I'm waiting on the orderlies to clean up from the last surgery. I better have as many orderlies as necessary to make sure I never wait. Now, does that mean they'll be standing around most of the time? Yes. But the important... But they cost \$15 or \$20 an hour.

0:51:08.6 MH: I hopefully make much more than that as the surgeon, no problem having a little bit of inefficiency in the name of more surgeries. And you could take this for the patient intake clerk and the patient scheduler and all the upstream stuff. So that I just never wait and I never have to do anything other than surgeries. I have people to manage everything else, right? Even though it's my business. And then maybe the only other thing is downstream also, if I don't have enough people sending out the bills because now I'm generating twice as many bills for twice as many surgeries, well, then I need to go hire more billing people. [laughter] That's real simple. Hire more people to figure out why my collections aren't coming in on time or whatever.

0:51:47.6 KL: So then my last question on this, guys, you made something interesting. The reality is you face, there's a large middle management. And I assume it's fairly stacked pretty deep in a lot of the organizations you've worked with. It made me wonder why we have middle managers at all then. If the CEO can give direction, a consultant can say, here's the method. And the real issue is the people doing the work self-organized on an automated signaling system, essentially automated. Simple. Why do I have a... I'm beginning to wonder why I'm trying to enable the middle management to begin with. They never solved the problem to begin with. Now I have to overcome their change the issue. 'Cause they want to be engaged, which by the way, I challenge that, that they all wanna be engaged. But let's just say they did. Why do we have middle management at all? Isn't step one get rid of your middle management and step two, let your team self organize?

0:52:32.9 WM: Middle management has a huge value. Very underestimated in many companies, they are some kind, the oil in the machinery, they have to fix problems. They are often the ones who know each other things lul (?). They know whom to call. So that is, in my opinion a real value, and interesting Kendall, if you don't need them for operations but then they are free and they can start helping people to grow. They can do the networking, they can be creative in problem solving. So if the middle management is free and they know where the constraint is, then they will generate a lot of interesting ideas to improve. So I won't take them out, but make them free to really do what they are good in, networking and solving problems.

0:53:37.4 KL: Excellent.

0:53:38.2 MH: I would add on top of that, Wolfram, they tend to be the ones who do know how to mentor the more junior people because they've been around, right? Even if it's a new system that we're trying and I don't need to have the complicated resource management spreadsheet anymore, well, that frees me to actually mentor people and help the teams. I think maybe even more importantly than that is the removal of obstacles.

0:54:01.2 WM: Yes.

0:54:01.7 MH: Because even when the system is running really well, there's always obstacles. We all know this in project management, right?

0:54:09.2 KL: Yeah.

0:54:10.2 MH: Sometimes it's something introduced by your client. Sometimes it's some unexpected supply disruption. Sometimes it's we accidentally did overload something, right? And somebody needs to get back to the underload. [chuckle] My example with the surgeon, what if half the orderlies quit and the other half get COVID? Well, somebody needs to go solve that. And it shouldn't be the surgeon.

0:54:29.5 WM: Yeah.

[laughter]

0:54:29.6 KL: So, we are at our hour and you just, I asked you that question for a reason. I think there's a real challenge here is not to get rid of middle management, but I'm wondering if in fact our organizations, what we observe is that middle management has gone awry in the same way we talk about the surgeon having to do too many things. I want managers not to manage in the way they understand, which is figuring out what status report they're checking, what meetings they need to have. But rather why don't we have managers doing what they do, which is I understand things, I know who to call, I know who to help. And you're right about removing barriers. I believe you were rosier about middle management than I was in the following sense. I would invite middle managers to get the opportunity to be underloaded to the extent that there's a management constraint. I believe kind of counter to what you guys said, but using your words, I believe a lot of our problems in large organizations anywhere are inflicted by the constraint of middle management because they're not doing the right work and there's a system that has caused them not to do the right work.

0:55:32.5 WM: Yes.

0:55:32.5 KL: So I'm not saying they're bad people. What I'm getting at is we have overwhelmed them with the stuff that does not do problem solving and decision making related to connecting others. I'll let your point about communication and removing barriers, solving the problem that came out of nowhere, which is half the people got COVID or someone recognizing you gotta hire more payroll people or whatever that answer is there. And I would say to me, the lesson out of all of this was, consultants get out of the way. That's one. That's what I got. I think that was at the top, hashtag no consultants, and the other one is almost managers get to do the right thing. I think they're our constraint. Why don't we underload managers and invite and indeed inspect, but invite them to perform the management duties of meaning.

0:56:21.7 WM: And now you can imagine such a world or a company underloaded. Everyone knows what's urgent and the middle management that has the head free of really connecting people, solving problems, developing people. It sounds like paradise. And the fun part is Michael and me, we saw this happen.

0:56:46.8 KL: Is indeed success through flow, right? It's flow with success without force.

0:56:53.0 WM: Yeah. Absolutely.

0:56:54.1 KL: We should unlock that. And I think seeing the manager role there. Well gentlemen, thank you for your time today. Wolfram, how do people get hold of you? Where should they follow up? Just type the words BlueDolphin Germany and go with it? What do they need to do?

0:57:05.7 WM: I think the most easiest part is LinkedIn and search for the BlueDolphin, or YouTube, Search for the BlueDolphin or the internet... Not in the internet. There are million of companies called BlueDolphin. You get everything but not me. So LinkedIn or YouTube, BlueDolphin Wolfram Mueller projects.

0:57:25.1 KL: And you have lots of writing for people to read and do, and then when they ask questions that are stupid like mine, you get to go, that's why you have to hire me to come in and clarify that for you. But then it will all be unlocked and it'll be beautiful.

0:57:37.0 WM: Yeah.

0:57:37.6 KL: We look forward to your longitudinal data that shows that this actually worked for long periods of time, but you have seen success is what I hear from both of you. Mike, any closing comments on this? You've wanted me to get up here with Wolfram on this for a while now. What are your thoughts?

0:57:54.0 MH: I guess I would just encourage anyone that is pondering some of this and thinking about trying something like this, that this is not your typical sales pitch. This is, you can do this on your own. It may well help you to have somebody that's been there and seen the patterns and help you avoid taking the long road through. But this is your journey and don't outsource it to any consultant ever. I had a client just the other day saying, well, we had this agile coach and he was awesome and he trained us and he'd come back, but then anytime we had an issue, we had to schedule a meeting with him three weeks in advance. Well, now you're fully dependent on this external thing then, and you don't own it anymore. And it's expensive and time consuming and it's the opposite of what you need.

0:58:35.5 KL: Wolfram hooked me when he said we were doing a lot of this consulting work and we had this weird thing that happened. So we saw an anomaly, which is organizations that we left were the ones that could do it. The organizations that consultants stayed around, it seemed to never take.

[chuckle]

0:58:52.2 WM: Yeah.

0:58:52.3 MH: That's true. And I admit sometimes I've been the consultant who stayed and I realized I was propping up something that was not sustainable and I needed to get out.

0:59:00.2 KL: Yeah.

0:59:03.3 WM: And thanks a lot for this hour talking with you both and that's the magic of BlueDolphin so you can do it on your own. You read about it, have fun.

0:59:15.0 KL: Excellent. Well, thank you guys very much. I appreciate it. So there you go. Making business and projects great using the Theory of Constraints. It's a simple idea. Every system has a limiting factor or a constraint, and you are hurting and suffering because you overload it. You ask too much of the constraint. Pressing for more, always more where no more can be given. Do the opposite. Underload it, put cheaper resources around it, make sure it's humming at its full capacity

and be happy. The blending insight I got from this combo though was that middle management is the key, not the lock on this change.

0:59:52.0 KL: Let them figure out what's wrong and let them address it in themselves and let them set up the self-organizing teams that will be able to shift when needed to get all the activities of a project or all the projects in a portfolio out of the red and into the green on your dashboard. PMPs, if you've listened to this whole episode, you can probably figure out what to do. I'm not gonna tell you, but I will give you the information you need. Our provider code is number 4634 Empowered Strategies. The episode name is PMPOV0112, Let it Flow, Success without Force. And the talent triangle is, ways of working. I am Kendall Lott reminding you to underload your resources. Let the team self-organize, keep it in scope and so it will get done.

1:00:39.0 Announcer: This has been a final milestone production sponsored by Empowered Strategies.

1:00:41.2 Announcer: Final milestone.

