How to Achieve Business Agility via Using Kanban?

Story of an Online Insurance Company

by Michelle Cheng mingxuan@agilean.cn #mcagilean

Some background about the company......

- Obtained the insurance license at the end of 2013, officially opened business the year after

"What could an 4-year-old company ACHIEVE?"

- As an online insurance company, no traditional offline business allowed (no branches, no brokers)

"How to EXPLORE the business under this circumstance and keep it blossoming?!"

- From 0 to 500 well-experienced staffs hired within 3 years, not much backgrounds in common

"How to MANAGE the rapidly enlarging scale without damaging the business potentials?"

- Went IPO in Sep 2017, with the market value more than 10 billion USD (11.2 billion nowadays)
- Considered the biggest FinTech share in the history of HK stock market

"How to MAKE our investors HAPPY ever after?"

We came to help last August, and now……

- It has become the biggest Chinese online insurance company

- Credit insurance premiums rank the 4th high in the country. The other 3 are the top insurance players being existed for decades (figures from the 1st quarter of 2018)

- Monthly premium incomes tripled after 7 months

- Premium incomes increased almost 10 times compared with the same period last year

- Chinese authority has been enhancing the regulating strength in case of financial crisis since last Aug, which means, the trend of the company remains good.
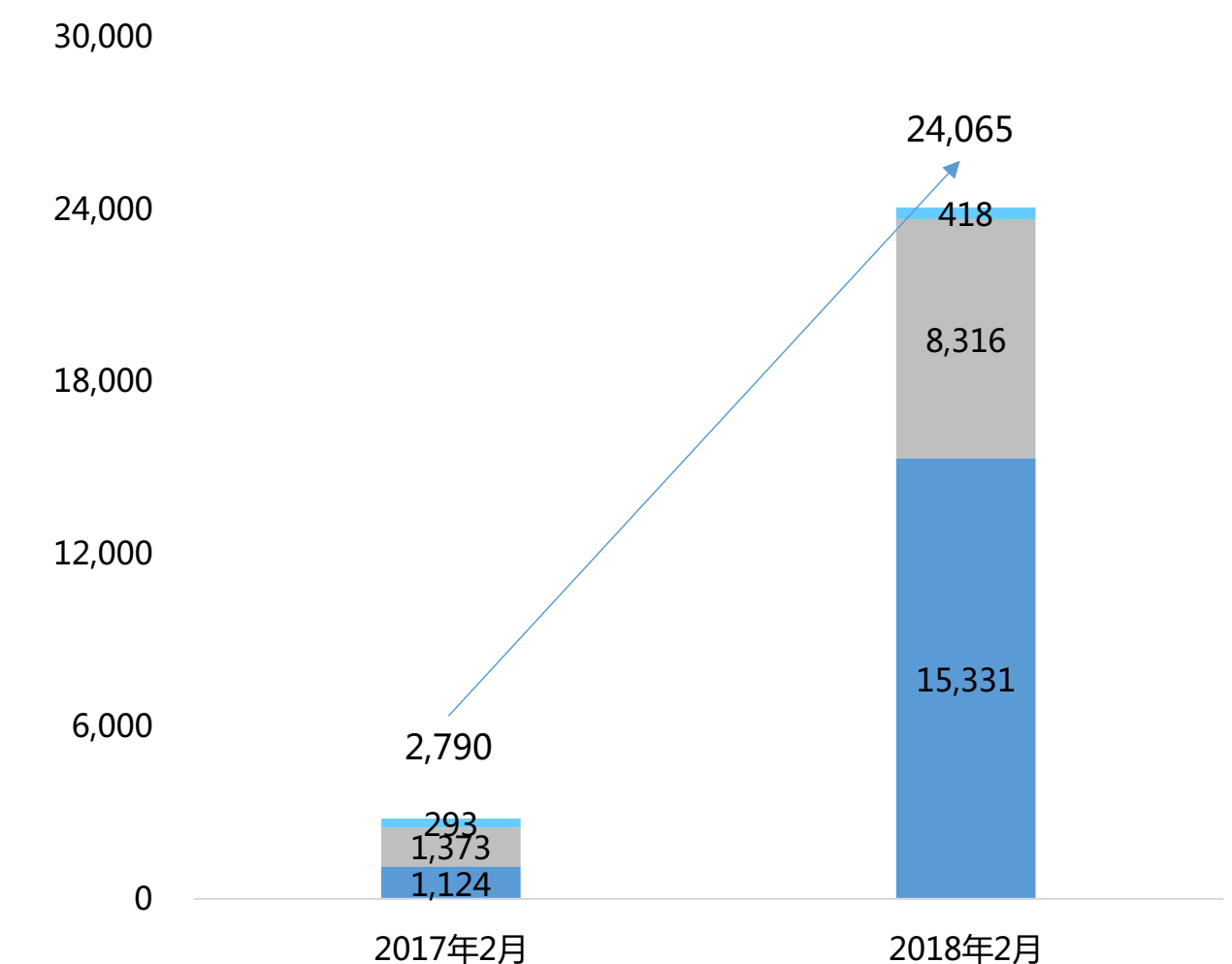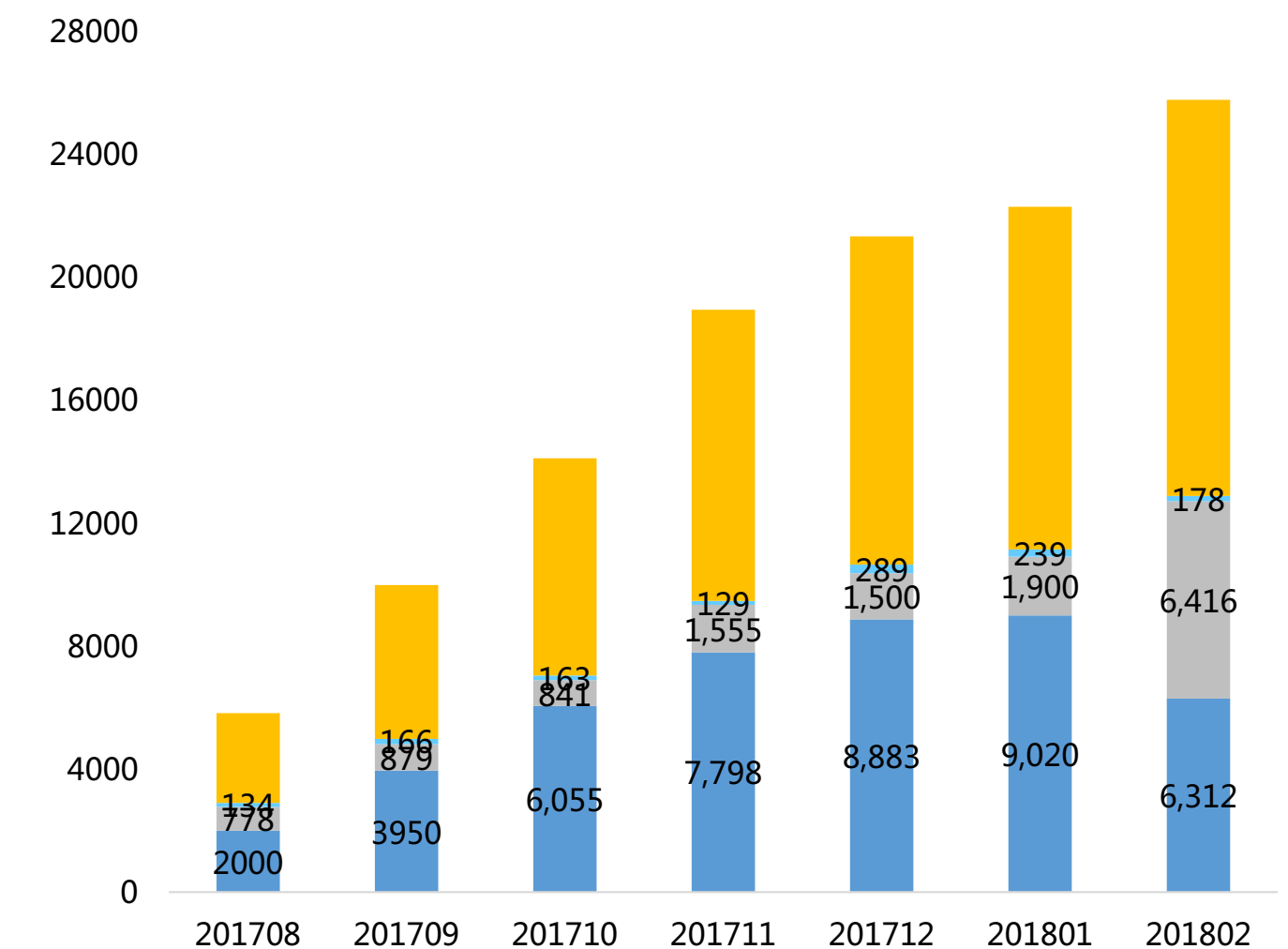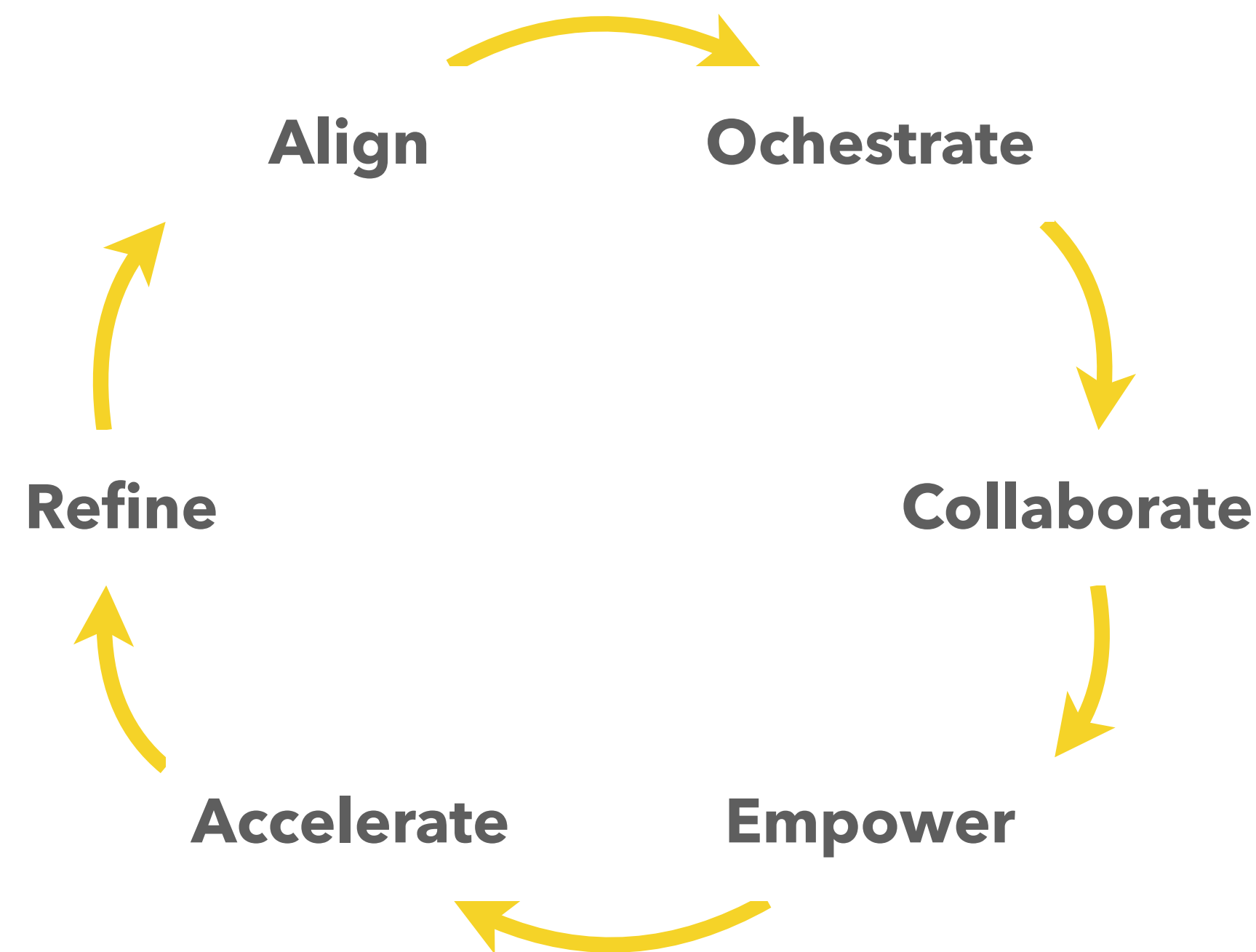
Luckily, we got the chance to help in different aspects

Our practice covers:

- from opportunity discovery to business innovation

- from products design to IT delivery

- as well as the whole process of organization operation

Major practices used to achieve business agility

Align → Ochestrate → Collaborate → Empower → Accelerate → Refine → (Align)

"All these are UNBELIEVABLY realized step by step in support of using Kanban!"

–– quotes from the CEO

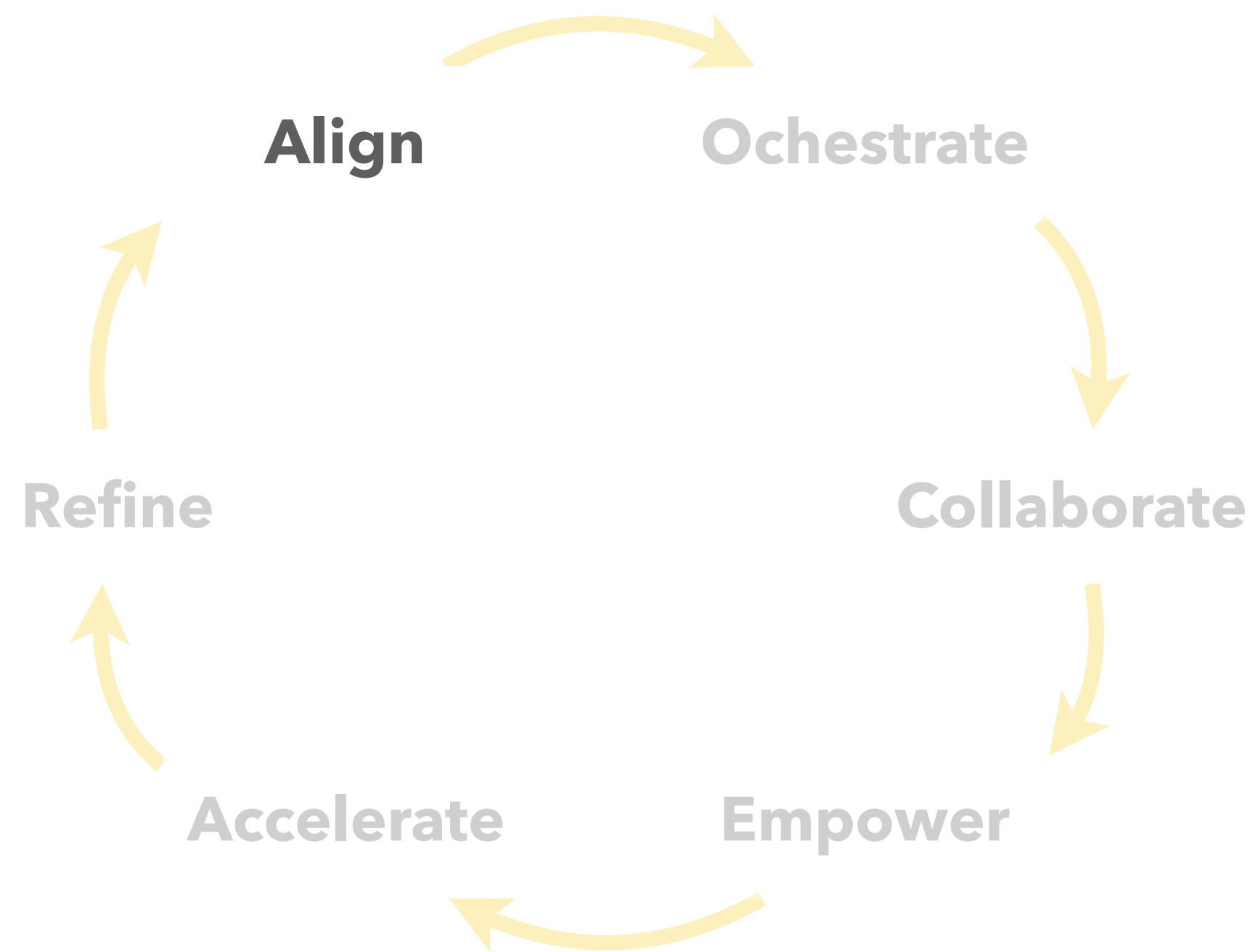| Align	• Set up OKR mechanism using Kanban • Align the key results with real business
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Collaborate	• Visualize flow • Hold virtual stand-up meeting using Kanban
Empower	• Adopt class of service in business processing system • Set up experiment mechanism using Kanban
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Re-consider the KPI system

- Many traditional organizations in China use KPI system to manage their staff.

- It worked for decades, however, some common issues appeared lately:

    - People are given a complicated list of KPIs, and each KPI represents 5-20% of the whole.

    - People have the eagerness to achieve 100% of all KPI items, which sometimes misled them from the most important goal for the organization.

    - Lots of employees believe their KPI results will influence their payment and position, and this may cause people to be conservative when draw down their KPIs.

    - KPI mechanism is usually a top-down process, making it lack of full and thorough communication during the setup, especially on horizontal level.

Why we introduced OKR in this circumstance?

- OKR mechanism suits dynamic and innovative environment much better

  - The setup process is good for vertical and horizontal communication and objective alignment.

  - OKR system takes 70% achievement as "normal score", which encourage people to be more aggressive.

    This is especially important considering culture!

  - OKR can be adjusted quarterly or bi-quarterly in accordance with the changing speed of the circumstances.

  - No direct inner link between OKR result and staff evaluation system. People can be truly evaluated based on their contribution at the end.

    Less fear aroused when balancing the risks between person and the org.

Communicate OKRs using Kanban

- OKR Kanban

- 1 org, 8 tribes, 6 guilds

To Do | **Draft** | **Vertical Alignment** | **Horizontal Alignment** | **Done**

Abandoned later on

OKR for each tribe/guild

CEO's OKR

Announce OKRs to the org

- After the Objectives and Key Results agreed, we announced them to everyone in the organization

    - A big introduction meeting was held, over 100 attendants, 3 offices in BJ, SH, and SZ together

    - Distribute the relevant information to each tribe / guild

    - Follow-up meetings to ensure every staff can obtain and understand OKRs of the org and of their own

It's very important to make sure people in the org are on the same page!
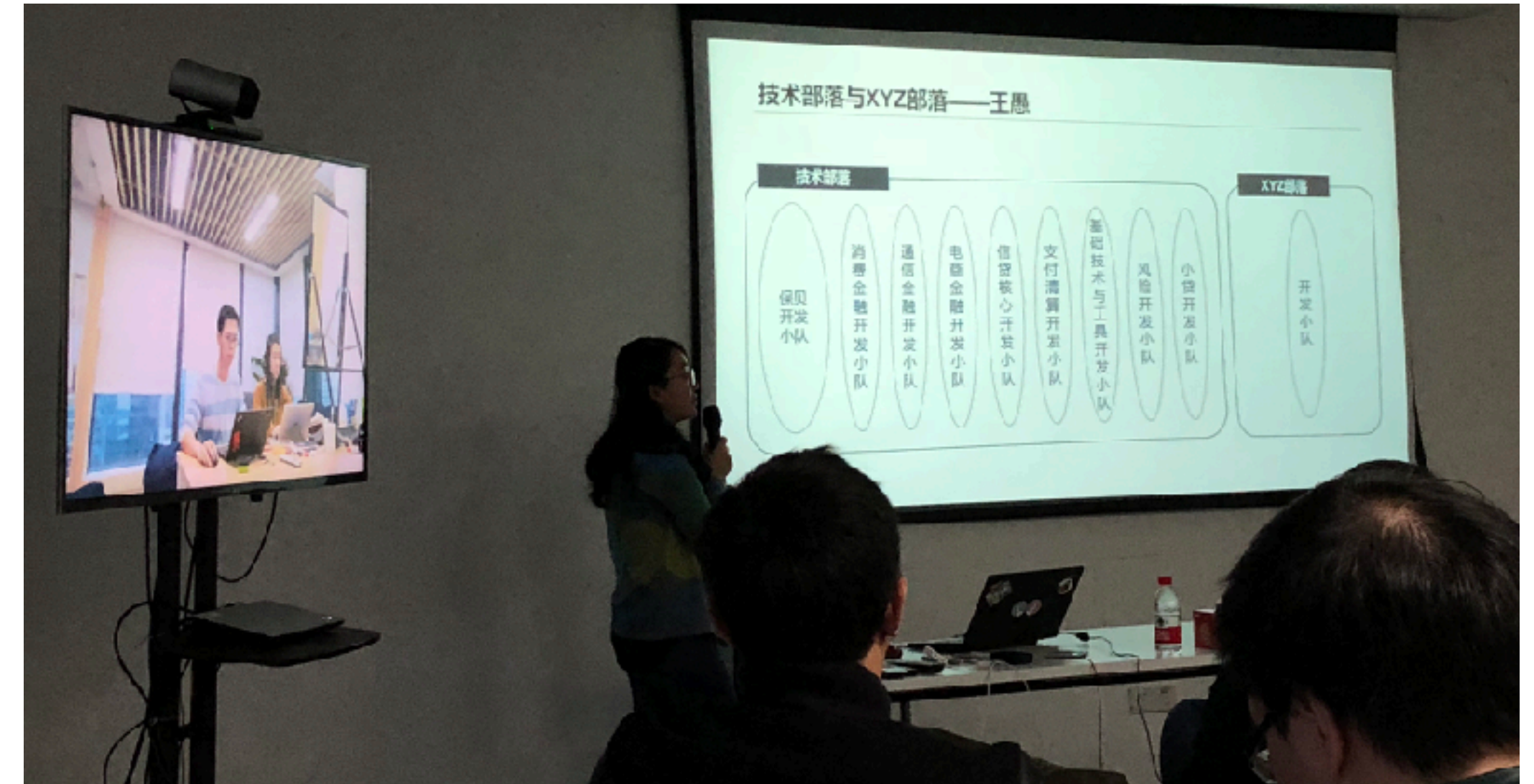
Align the Key Results with real business

- Each tribe / guild quickly reviewed the gap between the Key Results and the current situation

- Using tools such as impact mapping to align figures with the products / functions they need to build, or projects they need to implement

- Specify follow-up actions
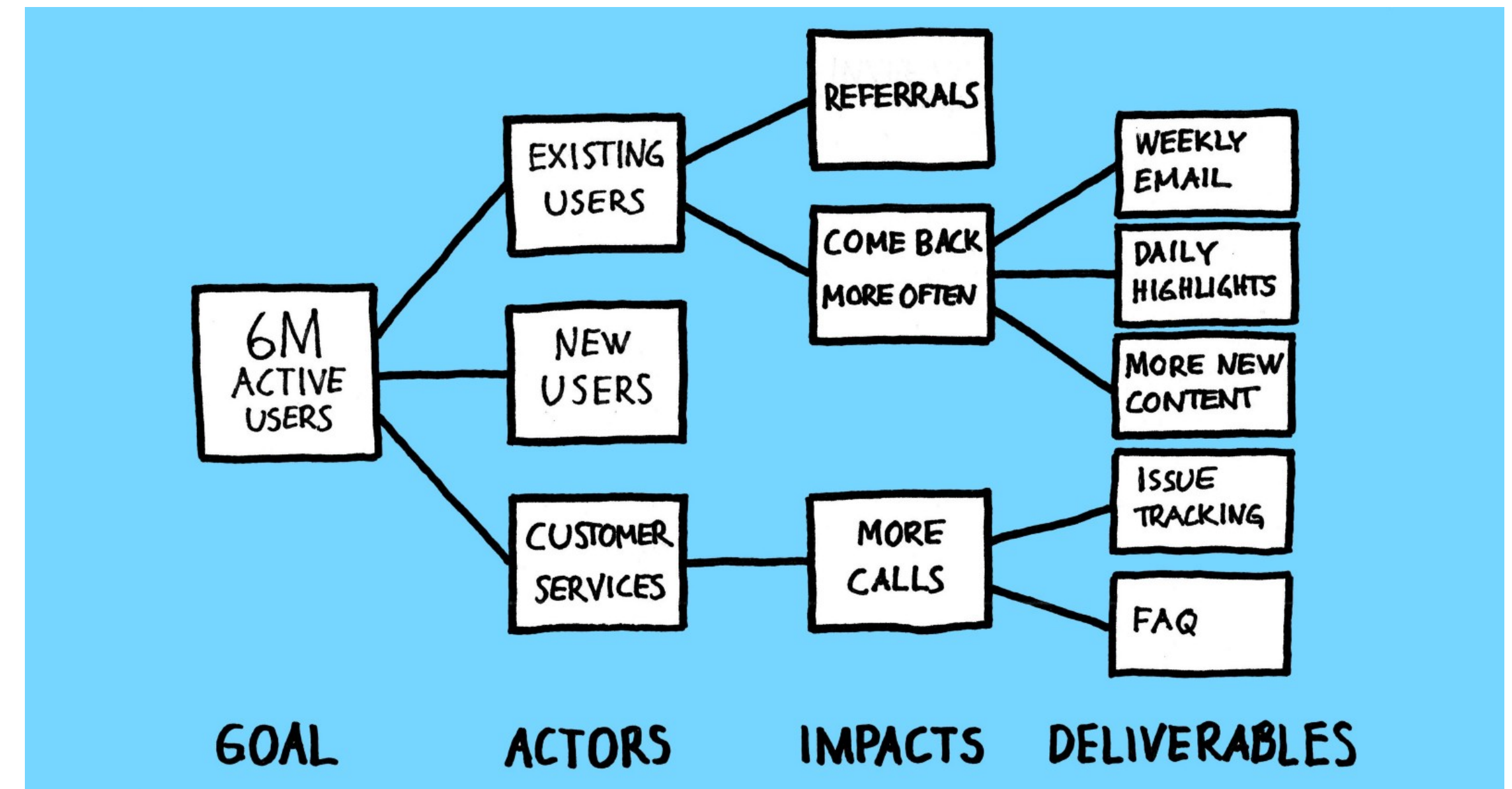
People are more thoughtful when coming to the real actions.

Align the Key Results with real business

- Some tribe / guild drawn their own roadmap

- It's good for the key results which cannot be quantized easily

- Always, specify follow-up actions

Keep encourage people of different roles to participate during the process.
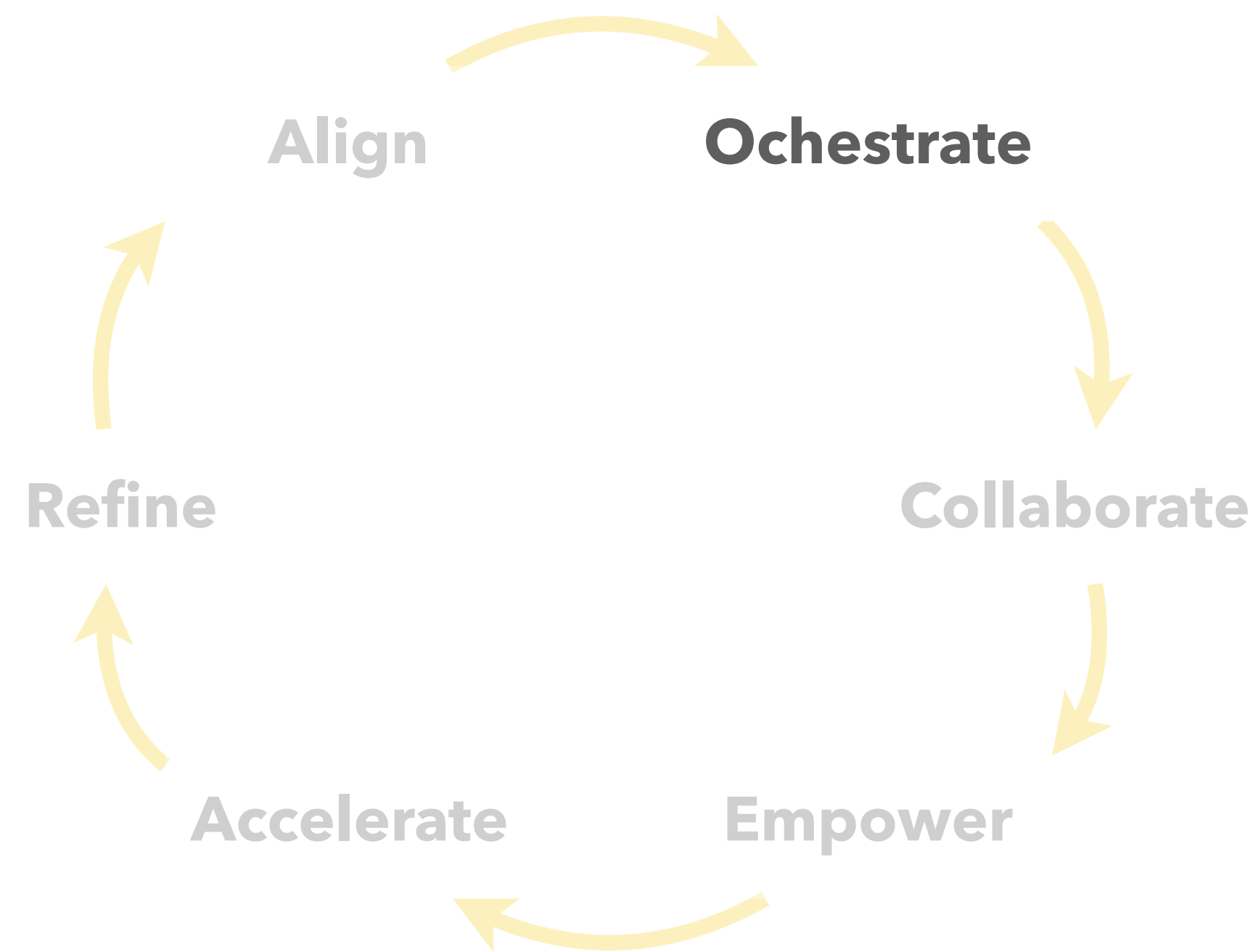
current situation

goal

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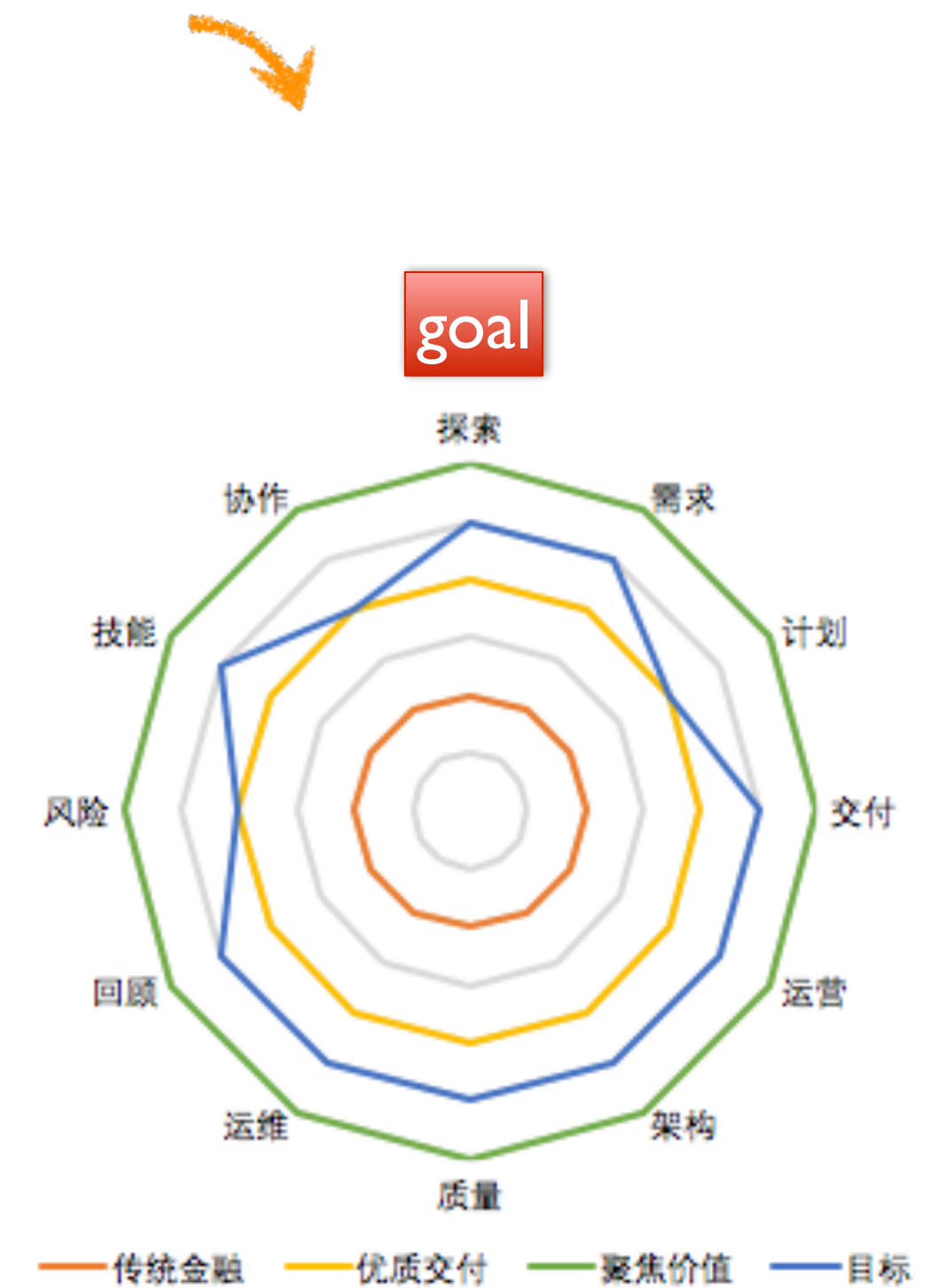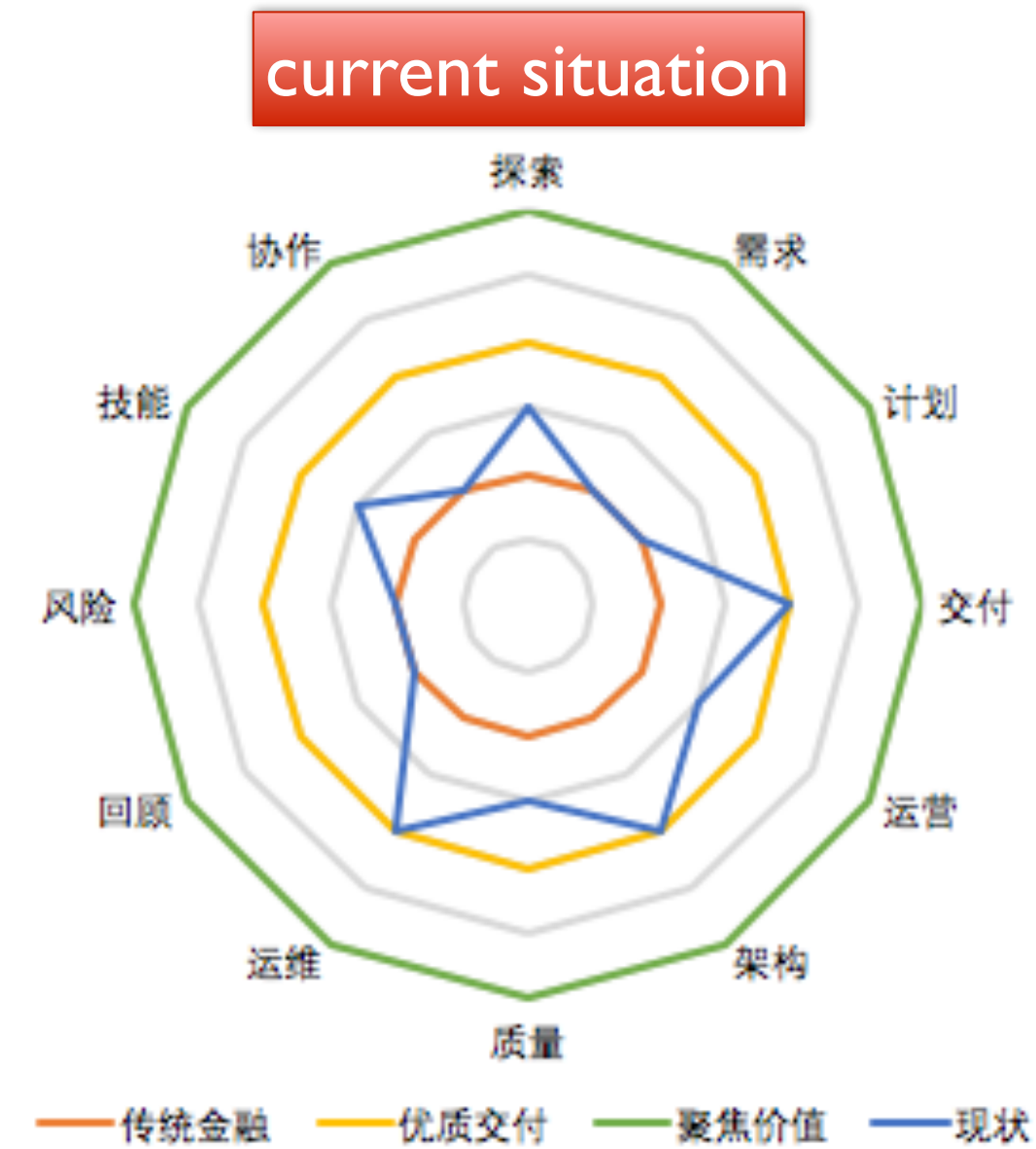
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Discover the end-to-end value streams

- After OKR become clear and the roadmap was drawn, people start to feel pressure.

- When people are under proper pressure, they can be quite supportive as we discuss and draw down business value streams, and visualized it with Kanban.

People who do the real job may sense the problems in the process, and could be really helpful during this process.

Set up virtual operational structure in Spotify Model

- Yes, they have a traditional organizational chart.
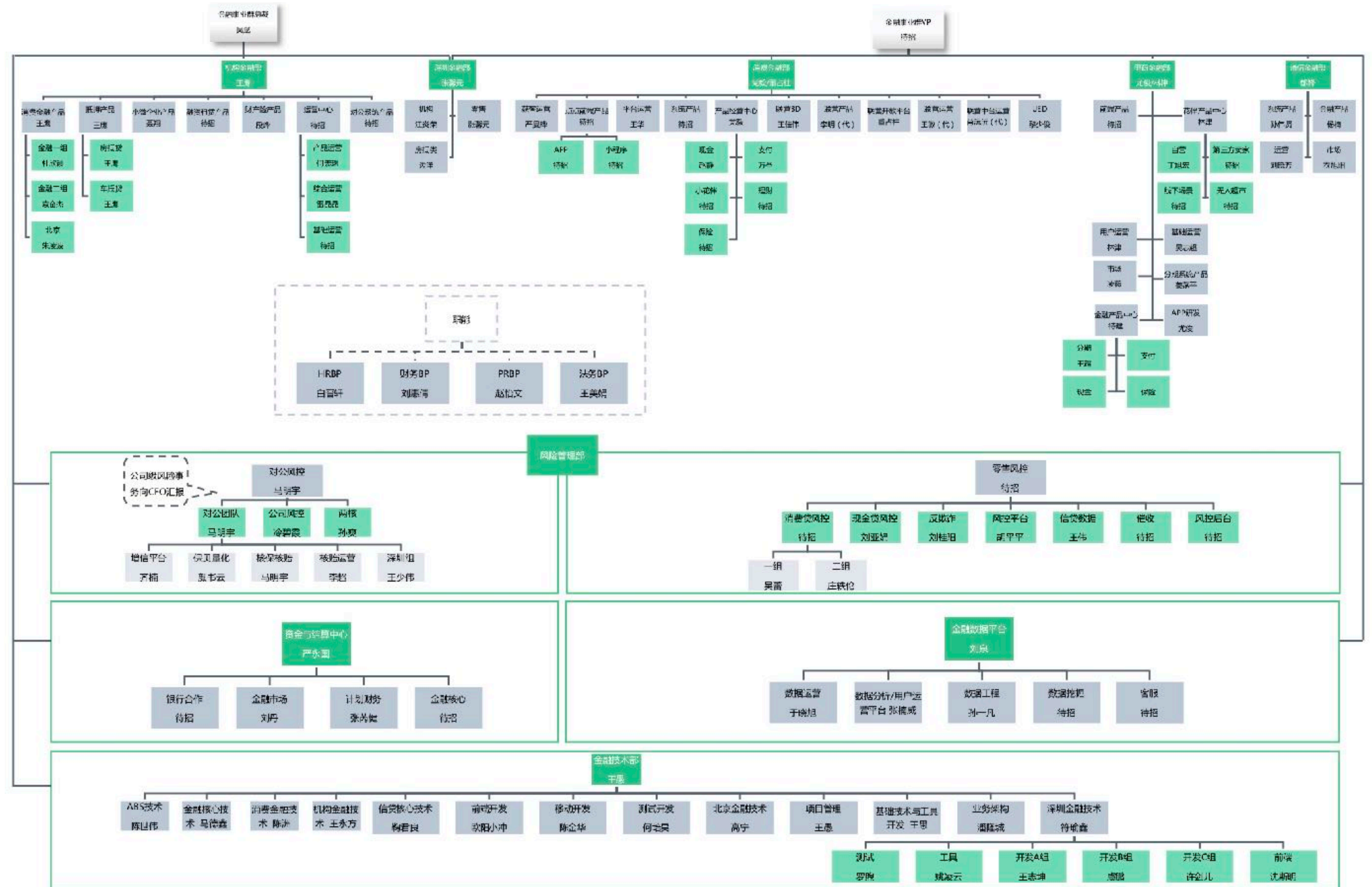
- How to operate to fulfill the need of future?

Set up virtual operational structure in Spotify Model

- 8 tribes, 6 guilds, a dozen of squads and charters established

- OKRs are for tribe / guild level, but leaders are allowed to split them further if they want.

- People may get confused between organizational structure and operational structure. Don't worry, they will get used to it after one month or two.

- Operational structure may change into organizational structure finally, but it took time.

operational struture
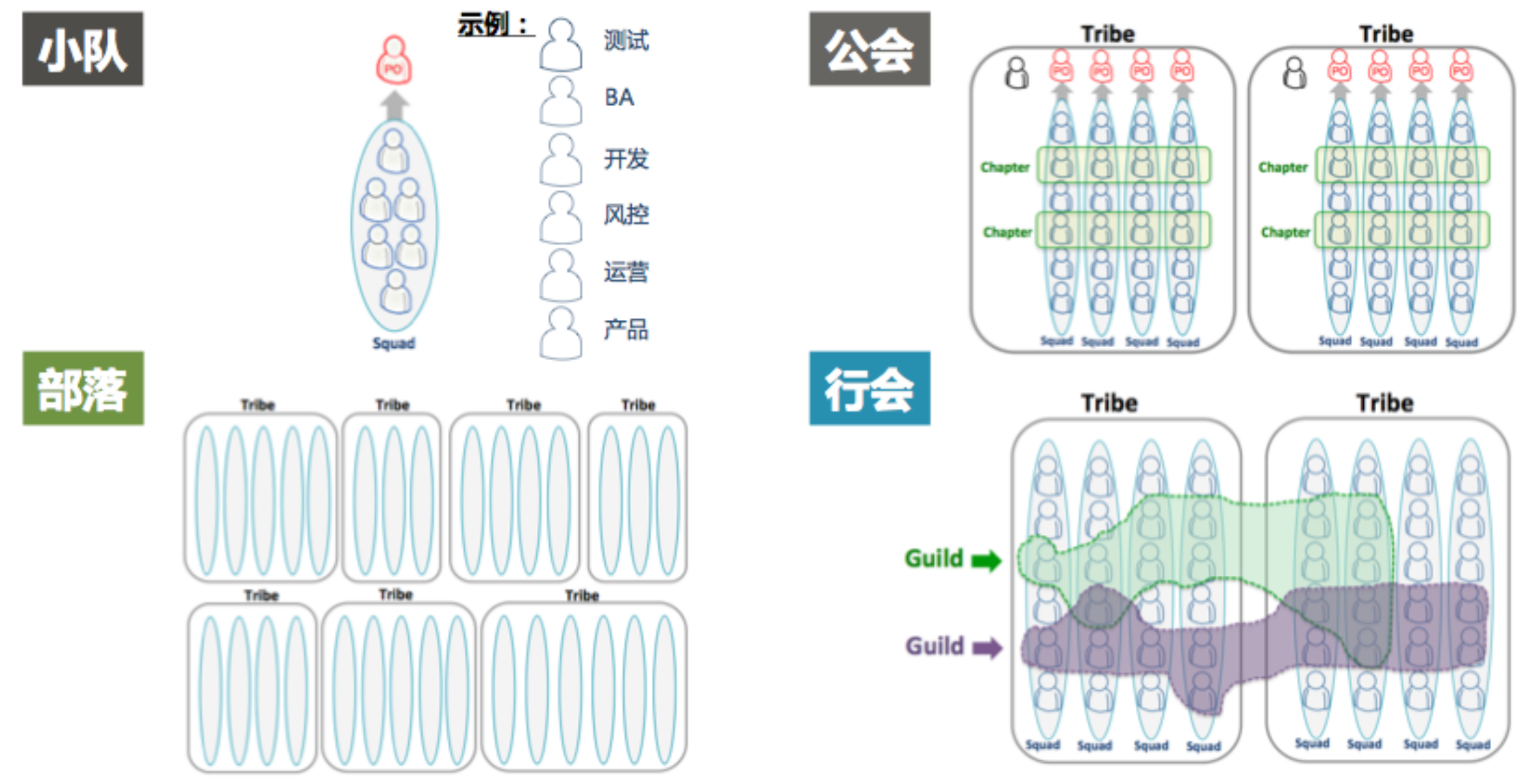
OKR mechanism
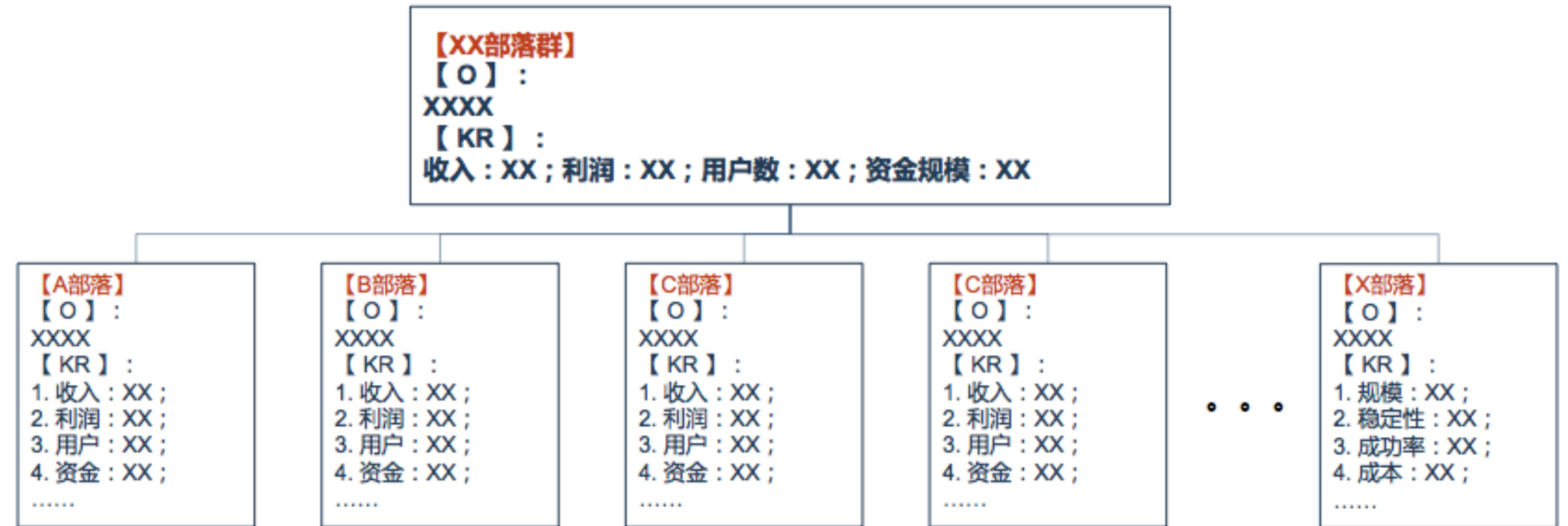
Set up virtual operational structure in Spotify Model

- Sometimes, it's not feasible to embed an employee of certain function into another tribe / squad, because although certain work need specialists with different skills, the need is evenly distributed.

- In this situation, a squad with core functions can be formed, and it just assign supporting person out when needed.

- The resources are always limited, so it's good to have an effective way to calculate ROI.

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Virtual Stand-up Meeting using Kanban

- Since offices are located in different cities, virtual stand-up meeting became a good choice

It's very helpful to invite the senior officers to attend, especially at the beginning.

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Empower

- To allow the virtual standup meeting to be effective, empowerment is the key. The attendee of the supporting function should attend with certain authorization to decide

- Take the PA Credit Card for example, the Finance BP for the Marketing Sector can approve the budget for market experiment which cost 70K USD or less.

- During the collaboration process, it's very important for the team to continuously make the empowerment policy explicit OKR become clear and the roadmap was drawn, people start to feel pressure.

Use experiments to boost empowerment

- Most of time the biggest bottleneck to empowerment is that the management team lack of confidence that the team can make the right decision.

- So it's vital for the organization to form the experiments cultures, environments and supporting mechanisms for teams to able to do experiment at lower cost quickly.

- In this way, teams can build up capabilities to make the right decisions, while the managers can build up the confidence to authorize.

识别	痛点痒点识别 (开始步骤)	解决方案构思	MVP搭建	实验方案确认	实验		产品市场匹配	客户规模化	市场饱和 (结束步骤)
					实验中	结果分析			

Innovation of Tai Ji

scale

Investment

投入包括资金、人力、技术，以及其它可支配的现有资源。初期以少量、快速为迭代原则，直至可以进入"规模化"阶段。

Return

收获可以从金钱（含潜在收入）、知识（经验 / 教训）两个维度衡量。如两者皆无，则为无效投入，属于浪费。

collect
opportunity

analyze
demand

ideate
concept

design
prototype

build
MVP

deploy
product

measure
data

market
customer
company
employee
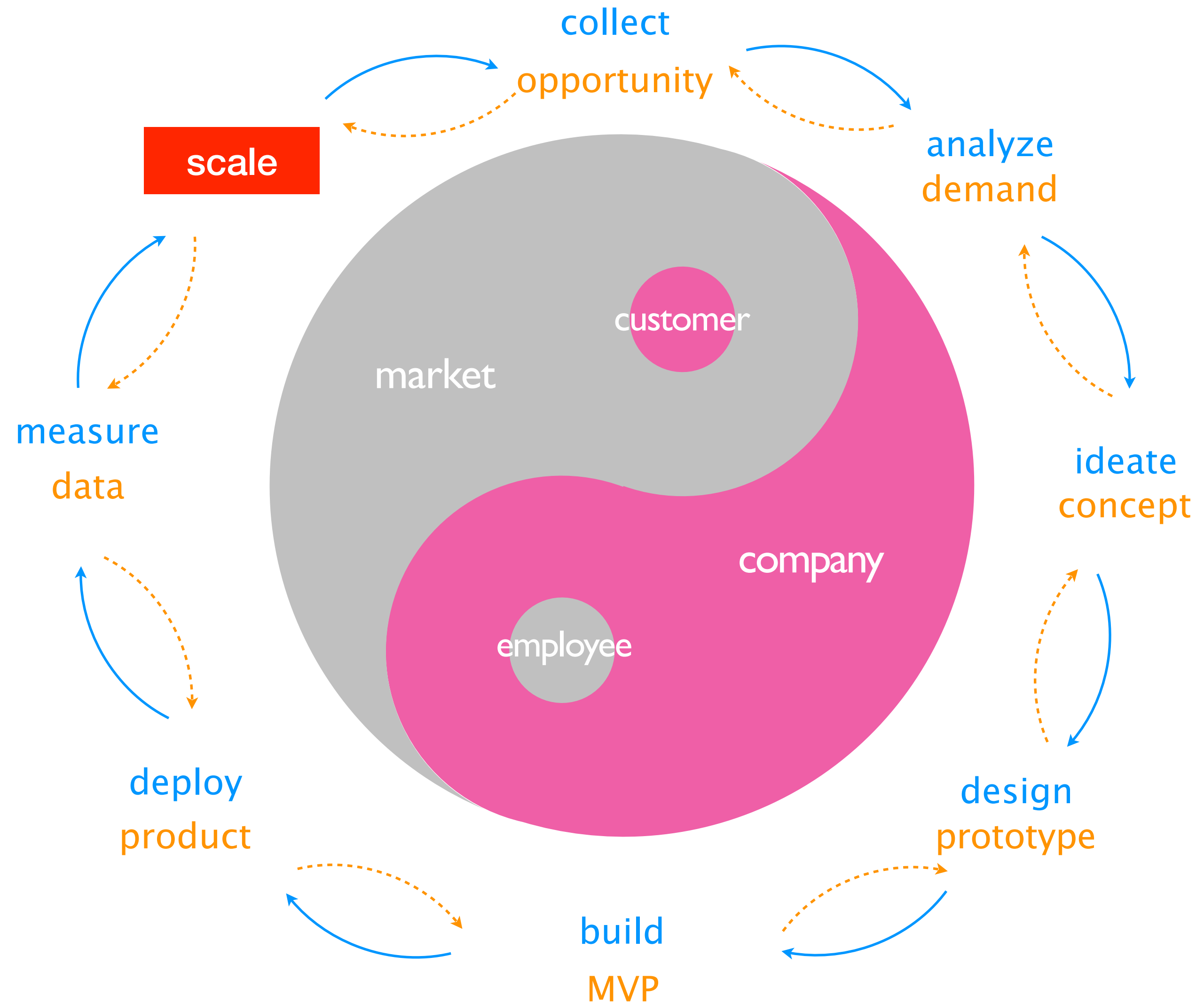
Try to explain in a simple, understandable and trustworthy way. The best situation is that you don't need to persuade them.

老子：道可道，非常道
(Lao Zi, around 500 B.C.)

what can be clearly spoken of is not true

VUCA
- Volatility
- Uncertainty
- Complexity
- Ambiguity

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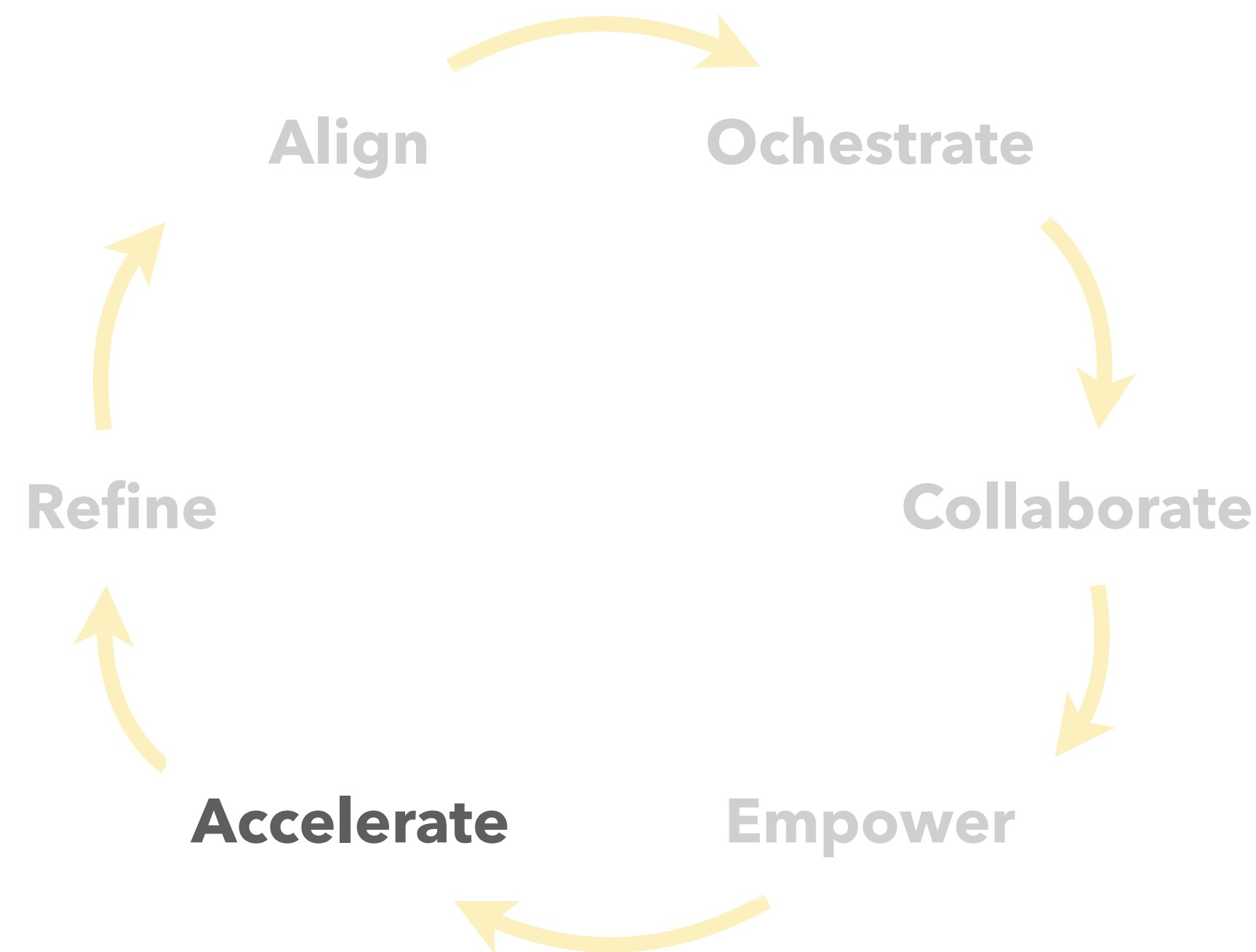"All these are UNBELIEVABLY realized step by step in the support of using Kanban!"

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RCA model

- Even with team empowerment, in the day to day operations there are still many important decisions need CEO's approval.

- To speed up this process, for these proposal's, we will assign one person to be responsible for the proposal, and one manager to the consultant to review the proposal to prevent the situation that a proposal need multiple layer's of reviews.

- This way, we will force the team to choose among two options:
  - Empower the lower level executives to do decisions
  - Ask higher level managers to directly responsible for preparing the content if the decision is too important

Parallel engineering

- To prepare for the important decisions, it's best to parallel engineer multiple proposals

- Follow MESE rules (mutually exclusive and collectively exhaustive)

- This may spend more resources, however will benefit the lead time which in most cases are more important in a true agile organizations

- Take for example, we can prepare multiple card design in parallel, and choose one of designs instead of review one design again and again.
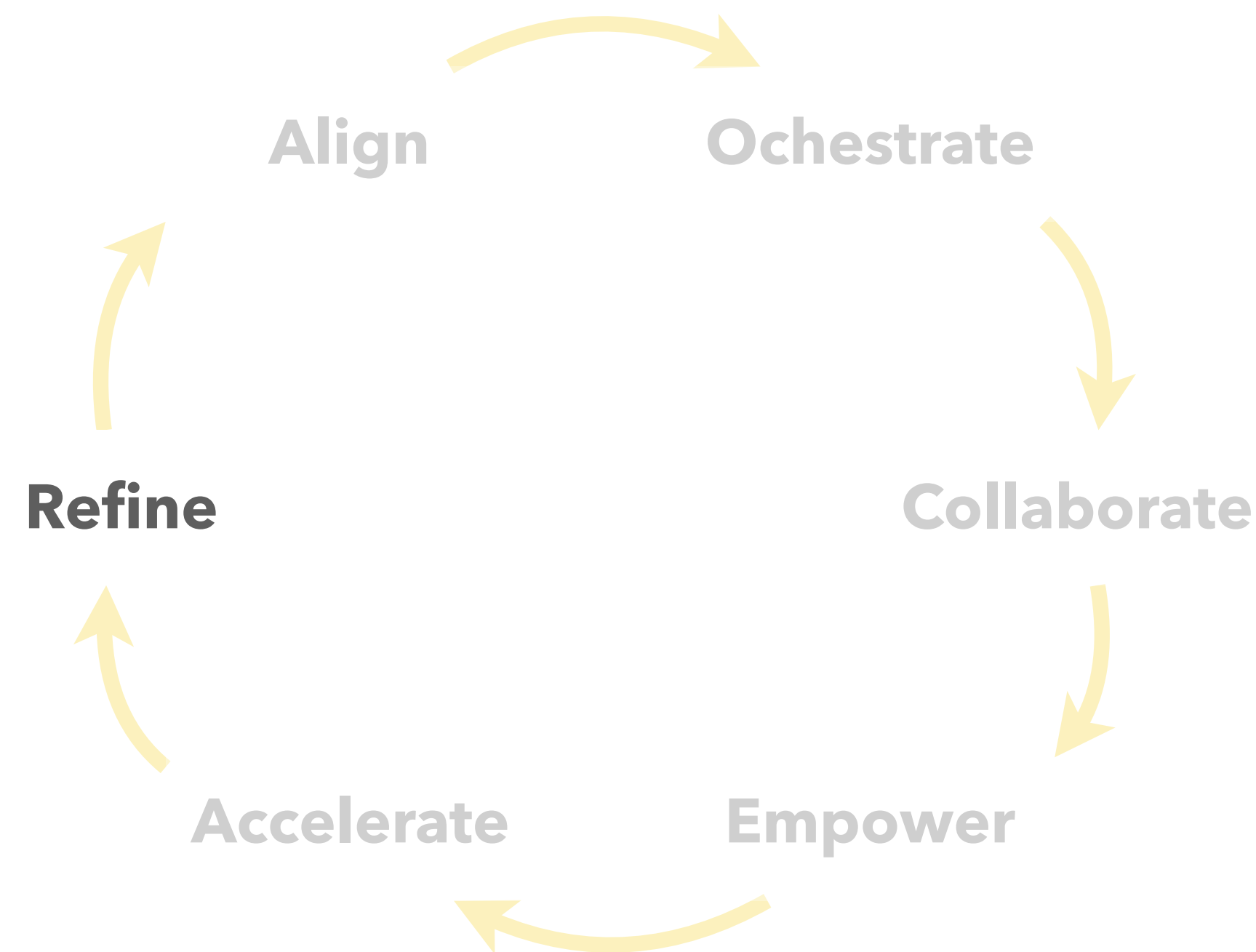
Productization

To short the business lead time, a traditional way to do this is productization.

Normally, you will get push back from sales team when you start productization. Hold tight!

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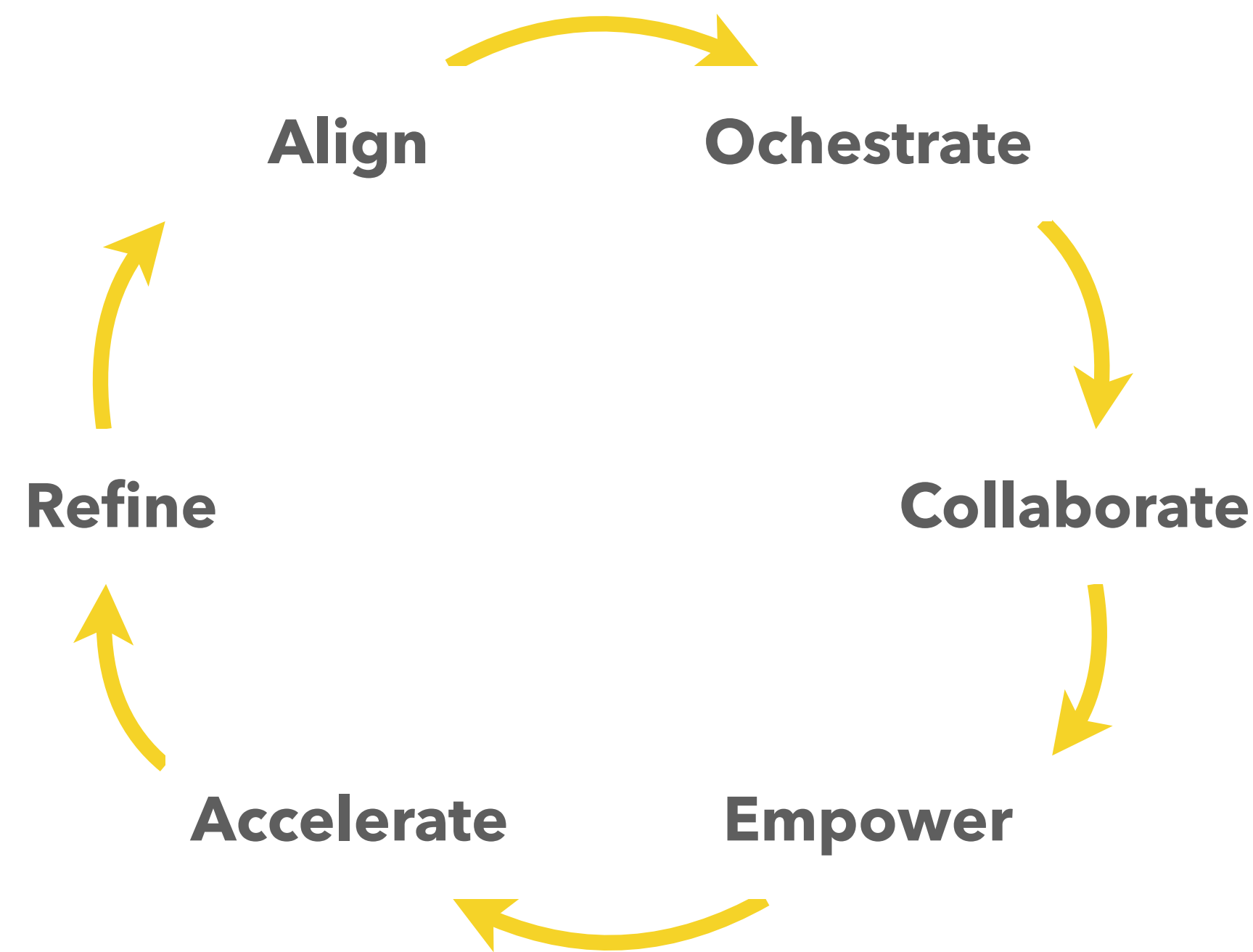| Align	• Set up OKR mechanism using Kanban • Align the key results with real business
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Bi-weekly operation review

Virtual operation review using Kanban

喜欢的 8/∞ ▾		
#1959 9|9 UI非常给力，加班完成交付目标	#1958 9|9 业务方提供了静态指标数据，减少了开发测试工作量	#1949 9|9 上线后，支持了灰度测试，降低投产风险
#1947 9|9 业务领导决策快速	#1946 9|9 敏捷小组人员的专业及优势互补，支持项目的快速执行	#1945 9|9 开发、测试、UAT同学在项目中积极完成任务，高质量上线
#1944 9|9 需求方响应速度较快	#1941 9|9 站会的形式，能够及时决策，共享信息。跟技术部及时协同。	

希望的(改进的) 5/∞ ▾		
#1954 9|9 数据报表跟踪的及时性、系统化待加强 -5	#1948 9|9 4-希望信息同步。资料同步的及时性和唯一性。不同的人发的需求...	#1955 9|9 希望专职数据同事加入进来，提高效率 -2
#1943 9|9 2- 希望有一个同步资料的措施，项目中所有人员都可以有同一套...	#1940 9|9 1-支持人员如何可以提前介入到项目中，发挥有效支持作用。	

跟踪的 4/∞ ▾
#1957 9|9 希望明确需求冻结期 -8
#1953 9|9 7 - 需求变更风险会对项目投产质量有影响，建议需求定稿后，...
#1952 9|9 与分中心、销售渠道沟通待加强 -7
#1956 9|9 希望及时验证生产数据 -6

Again, very effective and cost saving for distributed offices!

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孔子：中庸
Confucius (550 - 479 B.C.)

- just be good enough

- keep the flow flow

先师孔子行教像

Thank You!

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