



Connecting strategy, goals, and meaningful purpose

Within each of lean management's other three disciplines—delivering value to customers, enabling people to lead and contribute, and discovering better ways of working—lies a question related to direction. What value are we trying to deliver? How do we want our employees to contribute? Which new ways of working matter most?

The answers depend on the fourth discipline: connecting strategy, goals, and meaningful purpose. This discipline seeks to align what the organization as a whole wants to achieve, given its larger business context, with what the people who work for it want to achieve every day.

The organization does this in two ways. First, it develops aspirations that provide a clear idea both of what the organization wants to achieve and how. Communicating the aspirations broadly and frequently ensures that the entire organization has a general understanding of where it is headed.

Second, and equally important, the organization supports its aspirations with an infrastructure that makes them tangible. The aspirations inform the targets that the organization sets for itself, the tasks that people perform, and the measurements it applies to assess its performance. Over time, the organization also reexamines the aspirations by building feedback mechanisms that let it see how well it is meeting its aspirations and whether they need to change.

Recommittting to a larger purpose

Lean tools and behaviors



Thursday

Phil, Mary's assistant manager, resigns because he feels the company isn't meeting its promise to "build the most creative, efficient solutions." He is Mary's third high-potential employee to leave in six months. **Mary calls her boss, Sandra, to tell her.** Sandra says the problem is widespread—and the **CEO has already convened a team** to address the issue.

Clear statement of aspiration
Providing upward feedback
Reassessment of aspiration



Tuesday

An all-company CEO e-mail announces the planned creation of a new service. "Now, more than ever, we need to live our **principles of developing creative, efficient solutions.**" Citing the faster processing the new service offers, he raises the revenue target by two percentage points. "But no extra budget—that's what 'efficient' means." Mary sees a golden opportunity to prevent further attrition: her team is the natural owner of this new service.

Compelling story



Tuesday

Mary gathers her team, **adapting the CEO's message to inspire her people.** "You heard our CEO call for a new service that will be the next competitive edge. As **individuals**, we're going to develop new skills to make this product work. Faster, more accurate claims turnarounds will help our agents provide better peace of mind to customers while preventing fraud and keeping a lid on insurance costs. We can do this—this is our chance as a team to shine." She ends by **appointing a new team to lead development** of the product. Phil asks Mary if he can withdraw his resignation and join the team—she agrees.

Adapting the compelling story for a new audience
Appeal to different potential sources of meaning
Clear organizational design with defined roles



Friday, two weeks later

In a managers' meeting covering the **latest performance data**, Mary notes that metrics for innovation center mainly on new revenues. A team that designs new products with no additional resources would get the same rating as one that got extra development funds. "**Where's the efficiency?**" she asks. The head of accounting explains that the metric was designed when revenues were a greater focus and agrees to bring the problem up with the CFO.

Review of key performance indicators (KPIs)
Upward feedback



Wednesday, one week later

The CFO releases revised innovation metrics, in which projected new-product revenues will be adjusted by estimated development budgets. Mary immediately revises her team's **individual performance measures** to reflect the changes.

Performance measures updated to reflect aspirations
Cascading KPIs



Thursday, three months later

The new service goes live. By reassigning personnel from a declining product, Mary's team has been able to launch it with existing personnel. Take-up is rapid: the CEO's goal of a two-percentage-point revenue increase looks like an underestimate.

For an organization such as Mary's, the gap between the promise of its long-standing aspiration and its reality has become a real threat because of attrition among high-potential employees. The organization does, however, have upward-feedback mechanisms to surface the issue and respond. Mary feels enough confidence in her ability to be open with her boss about problems that she immediately calls Sandra to let her know of Phil's departure. It turns out that Mary is not alone in dealing with the issue: Sandra is able to tell her that the CEO knows of the problem and is working on a response.

A critical part of that response is the announcement of a new service, the development of which will require the organization to meet its aspiration in a renewed way. Mary immediately recognizes that the CEO's call to action provides her with a way to combat further attrition. But she also knows that simply forwarding the e-mail may not motivate her team in the right way. She needs to translate the message so it will be relevant to her team. Her conversation with her team therefore refocuses on what the product will mean at the individual and team levels, and she appeals to multiple potential sources of meaning to cover everyone in the group. Mary's quick and decisive action is enough to persuade Phil to rescind his resignation, creating an immediate benefit to the organization.

Mary's organization already has a process for reviewing performance, which provides an additional forum for upward feedback. At one of the regular managers' meetings, Mary takes the opportunity to raise a concern about the innovation metric—which is more important for her team than it ever was before. She points out that the metric's focus on revenues undermines the efficiency part of the aspiration. The accountant explains why the metric evolved as it did and agrees to pose the problem to the CFO.

The CFO's announcement of a revised metric reflects how the organization adapts its performance indicators as needed to match its aspirations. Mary is then able to incorporate the new metric into evaluations for her team members.



The way Mary's organization responds to the challenges it faces regarding its aspirations reflects several of the lessons discussed in the article and interviews that complete this section (and this compendium). The first, "The aligned organization," describes the importance of the connections among strategy, goals, and meaningful purpose, particularly at the individual level. The authors note that the need to change—sometimes radically—an organization's vision must be matched with changes in planning and with communication that conveys the new vision adequately at every level.

In “A shorter path to an asylum decision,” Marcus Toremar, lean manager for the Swedish Migration Board (Migrationsverket), recounts the challenges of balancing multiple aspirations at once while making a renewed commitment to reduce dramatically the time that asylum applicants would have to wait for a decision. His organization faced the further complication of needing to persuade highly specialized lawyers, caseworkers, and other staff to embrace a style of work that differed significantly from their previous practices.

Yves Poulet, CEO of Euroclear Bank, focuses on the value that lean management provides as a tool supporting strategic development in “The strategic enabler at Euroclear Bank.” While cautioning that lean management is not itself a strategy, he notes that it enables an organization to execute a strategy more efficiently and effectively.

Finally, in “‘Discovering America by looking for India,’” the former chief operating officer of TDC, Denmark’s leading telco, tells of the company’s unusual path to a lean transformation. In his words, it was “almost by accident,” starting in a seriously challenged sales team and growing to encompass nearly the entire company. The customer-satisfaction and productivity improvements that TDC has logged are enabling the company to invest in future growth to a degree that otherwise would have been quite difficult.