

AGILE is the new LEAN!

GE Invests Massively to Pivot from LEAN to AGILE

By Mike Richardson, Team Agility Practice Leader



No one invested more massively in LEAN than GE. Now they are investing massively to pivot from LEAN to AGILE. Because AGILE is the new LEAN! Their sustained share-price performance depends upon it. See: [The Biggest Agile Startup on Earth: GE Beliefs & FastWorks](#).

I know, I know, you're thinking, hang-on, its says, "Lean Startup", so isn't this still LEAN? No, trust me, **LEAN + Startup = AGILE**.

See video of GE executives talking about their pivot here:

[GE Panel, The Biggest Implementation of Lean Startup on Earth, The Lean Startup Conference 2013](#)

Here are some of the most important sound bites about how GE has pivoted with their:

- **Products**
- **Processes**
- **Culture**

- **8:44:** Why are we hear listening to this kid? ... and then the story comes out and we think, wow, this is pretty interesting and we said, you know what, **we are just crazy enough to think that maybe someone who has worked in the consumer software arena might have some techniques that can apply in our area of big business, heavy duty technology** and things of that nature

- ... as an example an aircraft jet engine weighs over 5000 pounds, has 12,000 discrete parts in it and 200 patents, taking 2 weeks to make one, not made on an assembly lines, they are hand assembled, because it has to be that precise that you can't trust it to a machine.

- ... consumer software to jet engines? We became fascinated and have been on this amazing journey ... we have kicked off over 100 projects covering the landscape from new product introductions to how to clean up our internal processes to how to get sales in different parts of the world quicker.

- ... every single time we have done this the audience starts out kind of like this (arms folded), **“why am I here, why do you have some kid up there, how could I possibly learn something as I make really big complicated equipment and there is nothing there?”**

- ... its a huge effort but it works ... **we are big and we want to learn how to act small ... there is an amazing synergy that we are learning about this stuff.**

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- **12:46:** We started talking about how you make a **Minimum Viable Product, make 1 product and iterate and make a 2nd product, and it was a tough one to start wrapping our heads around because we make things in massive, massive quantities**, having factories which make a million dishwashers a year, that's 5000 a day, everyday ... and all of our practices and processes are based upon this idea that we are going to make a million of something, so whenever you start talking to folks from engineering, from sourcing, from manufacturing and you say, well, we want to make this 1 refrigerator they say well OK, my assumption is if we make 1 of them then we are going to make a million of them so there is a whole bunch of stuff we have to do to get ready for the 999, 999 that come after that first one ... **we have a success bias ... we just assume if we are going to make 1 we are going to make a million ... the idea that we are going to make 1 and then we are not going to make anymore after that is a foreign concept which doesn't compute with the practices we have built within the company**
- ... we got about half the money we wanted to do what we wanted to do and **scarcity of resources drives choices** and we decided to go the way of jumping into **the Minimum Viable Product approach which all of a sudden made tons of sense** because we could fabricate 1 and put it out in front of customers, fabricate another 1 and put it out in front of customers ... and then we will pivot into full production because we are pretty good at figuring out what people want ... yeah, **I think I'm on my 15th MVP!**
- ... It's been fantastic, its been great to watch the culture change and get scrappy and get down to actually doing crazy stuff, its been a great journey, its been a lot of fun. **MVPs on hardware is tough because even when you are doing low volume fabrication stuff it's still physics but we have forced ourselves to embrace this methodology and are excited to say we are putting our first customer sellable MVP in the market next week.**

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- **19:55:** How about all the internal control processes in the division? The reality is that the principles apply in internal processes. Lean means getting rid of waste. Entrepreneurship is about solving a problem in an environment that is uncertain with a whole lot of unknowns in order to provide something that is valuable. So getting rid of waste and coming up with a new way of doing things absolutely applies to internal processes. For us to be able to enable a funding model in a different way, for us to be able to encourage metrics and meritocracy in a different way our finance and IT and technology and our tax and our legal folks have to understand and have to change their culture too. Plus we have to tackle our cost structure and we need to find a new way to do that to enable the entrepreneurial culture to continue. **These principles apply when we are trying to fix internal processes and we are going about it a totally different way.**

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- **28:30:** How do we make this scalable? **Through coaches, who are the provocateurs in the business, who ask those tough questions, who can make sure they have the resources, who can bring back that heritage of entrepreneurship, of startups, of owning the business, of owning the customer problem and developing products which meet the biggest customer need right now.** We need coaches for focus, which has been the biggest issue, opportunity and hurdle that we have had to overcome as coaches. It's about **driving culture, making it scalable and giving us focus.**

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- **31:00: No one was more skeptical than I was** given my image of what its like to work in a big company. People are asking, “is this for real?” It’s real when we assign people and when we start taking money from customers for products. It became real for me when both sides (teams and senior management) said that they don’t trust the other side to do it right . That’s when it became real for me – **there is something about this methodology that let’s the truth come out.**

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- **35:45: There are a couple of concepts that are difficult for us to get over as a culture.** One is “fail-fast” ... GE is made up of 300,000 type-A personalities and no-where in the vocabulary is the word failure ... that’s a challenge. Another one is that we have built the company on a **concept of quality so when we talk about Minimum Viable Product its hard for our folks to get their heads around.** So both of those concepts, learning from mistakes (hypothesis, test, learn, hypothesis, test, learn, hypothesis, test, learn) and the concept of quality in this context. If you don’t have unwavering support from the top its not going to work. If you don’t have someone who says, I’m going to cut through the clutter, I’m going to let failure become an option, we are not going to call it failure we are going to call it pivot, that’s **not about semantics, that’s about a way of life, that’s natural, failure is a natural part of life and you actually do learn more from failures than from successes.** One of the hard things is that customers think **your MVP baby is ugly** and you just have to sit and listen and they stung quite a bit!
- **43:15:** We are one of the worlds largest Venture Capital firms except we happen to be internal (we will spend \$5B on R&D this year).

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Your MVP baby is ugly!

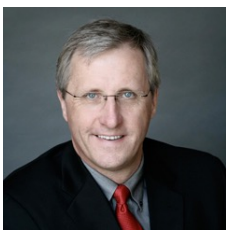
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<http://www.agilitycode.com/uncategorized/agile-is-the-new-lean-ge-invests-massively-to-pivot-from-lean-to-agile>

- **Intrapreneurship** is not about flying under the radar – that’s death – you need buy in – we had a CEO who was completely supportive of this – you can’t do this in the dark – you are just not going to get off the ground.
- **While you want to do stuff faster, there are no shortcuts, you can’t eliminate the steps, you have to go through the steps quicker.**
- **You need a dedicated team with learning metrics not the typical vanity metrics.** Its not particularly complicated but you have to be rigorous and dogmatic.

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