Beyond Red-Yellow-Green Portfolio Management Using Shades of Gray

Presented by Dr. Bill Bellows

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Abstract: The aim of this session is to present a proposal for “better thinking about thinking” as it applies to how projects, programs, and portfolios are managed. The foundation of a radical departure from the thinking, assumptions, and limitations of “Red-Yellow-Green” dashboards (presented as “Reflexive Resource Management”) lies in a transformation of the way we think about our thinking. Beginning with a series of seemingly simple questions, the answers to which reveal assumptions made in how we allocate resources and thereby manage portfolios, this session offer insights into how Genichi Taguchi’s ideas on “Quality Loss” have been integrated with W. Edwards Deming’s “New Economics” to establish a new approach to portfolio management, termed “Purposeful Resource Management.”
Agenda

- Introduction
- Quiz
- Modes of Thinking
- Present State Organizations
- Future State Organizations
- Imagine the Possibilities
New Cuyama, California
New Cuyama, California

New Cuyama

NEW CUYAMA

Population  562
Ft above sea level  2150
Established  1951
TOTAL  4663
Tank Engines and Rocket Engines

AGT1500

RS68
Perception & Thinking

“How the world we perceive works depends on how we think. The world we perceive is a world we bring forth through our thinking.”

H. Thomas Johnson

Source: (article) A Different Perspective on Quality, Johnson, 1997
Macro System Model

Part Production
- Step 1
- Step 2
- Step N
- GOOD
  Part A
- Step 1
- Step 2
- Step N
- GOOD
  Part B
- Step 1
- Step 2
- Step N
- GOOD
  Part O
- Step 1
- Step 2
- Step N
- GOOD
  Part P

Assembly
- FIT
  Sub-Assembly 1
  GOOD
- FIT
  Sub-Assembly 2
  GOOD

Final Assembly
- FIT
  Product Assembly
  WORKS
Micro System Model

Part Production
- Part A
  - Degrees of GOOD
  - Step 1
  - Step 2
  - Step N
- Part B
  - Step 1
  - Step 2
  - Step N
- Part O
  - Step 1
  - Step 2
  - Step N
- Part P
  - Step 1
  - Step 2
  - Step N

Assembly
- Degrees of FIT
  - Sub-Assembly 1
  - Part A
  - Part B

Final Assembly
- Degrees of FIT
  - Product Assembly
  - Sub-Assembly 2
  - Part O
  - Part P

Degrees of WORKS
Quiz
Q1: Alligators

What is the leading use of alligator skin in the United States today?

Source: (article) *A Different Perspective on Quality, Johnson, 1997*
Alligator Skin
Q2: Automobile Tires

Who makes the best automobile tires in the world today?
Automobile Tires
Q3: Time Management

How much time is spent every day discussing parts which are good and arrive on time?
Time Management
Q4: The Last Straw

Did the last straw break the camel’s back?
Last Straws
Q5: Customer Satisfaction

How important is customer satisfaction?
Disappointment
Expectation Dynamics
Contextual Awareness

There are 10 kinds of people in the world.

Those that understand binary and those who don’t
Modes of Thinking
Modes of Thinking

- Categories
  - Absolutes
  - Discrete / Digital
  - Black & White
  - Good/Bad, Up/Down
Modes of Thinking

- Categories
  - Absolutes
  - Discrete / Digital
  - Black & White
  - Good/Bad, Up/Down
Modes of Thinking

- Categories
  - Absolutes
  - Discrete / Digital
  - Black & White
  - Good/Bad, Up/Down

- Continuum
  - Relative
  - Wholeness / Analog
  - Shades of Gray
  - Better/Faster
Assumptions

- A better way to operate an organization is to invest resources with the ability to delight and satisfy customers
- Better investment results from discovering opportunities to invest
- The discovery of opportunities for investment is limited by how thinking is conditioned
What is needed?

Thinking that promotes better discovery
Present State (Reflexive) Organizations
Resource Management

Proactive

Reactive
Resource Management

Activity

Proactive

Reactive

Ownership

"Mine"

"Ours"
Resource Management

![Diagram](chart.png)

Proactive

```
Activity

Ownership

"Mine"  "Ours"

Proactive

Reactive
```
Future State *(InThinking)*
Organizations
InThinking

The concept of “InThinking” derives from “awareness of our own thinking and the assumptions we make in how we act when we allocate resources, where thinking is defined as “a way of reasoning.” Fundamental to resource allocation is whether our activities are proactive or reactive, and whether the resources involved belong to the enterprise (“ours”) or to one's own department, function, district, part, etc. (“mine”).
InThinking invites an individual to learn to perceive the patterns of interdependencies surrounding him or her and to reason and judge with new insight and thereby engage in the activities of *Purposeful Resource Management* and *Purposeful Resource Leadership* across their enterprise.
Resource Management

Activity

Proactive

Reactive

Ownership

“Mine”

“Ours”

REFLEXIVE

PURPOSEFUL
Imagine the Possibilities
Imagine the Possibilities…

- when operating in an “InThinking” environment
- if we could develop a broader appreciation of “continuous and connected learning”
- if we could develop a deeper appreciation of “working together,” “learning together,” and “thinking together”
Imagine the Possibilities...

- and the markets we could create

Thinking Together
Investing Together
Designing Together
Building Together
Learning Together
Working Together
Leading Together
Opportunities to Act
(differences that make a difference)

- Category Thinking vs. Continuum Thinking
- Macro Systems vs. Micro Systems
- Attention to “Green” elements
- Customer Satisfaction vs. Customer Delight
- Purposeful vs. Reflexive Resource Management
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