Lean Digital Transformation
Learning by doing
The "Digital Disruption A3"
Why Digital is important?

Interconnected world creating **unprecedented** biz opportunities

Digitization of manual/physical process leads to **exponential** gains in performance
The pace of change is the main change
Access to “easy-to-use connected supercomputers”, aka mobile devices, changed people’s behaviors and their expectations

https://www.behaviormodel.org/
Expectations are going up with the tech change => VUCA world
https://en.wikipedia.org/wiki/Cynefin_framework
Digital Disruption

https://en.wikipedia.org/wiki/Cynefin_framework
How organizations typically respond

Change in customer behavior

Typical organization response

Time
Idea

Market

Why so slow?

Long Cycles!

(*) Average results based on 25 of our customers’ value stream mappings

Average Lead Time: 24 months*

Average Lead Time: 24 months*

Long Cycles!
Why so slow?

Idea selection based on Business Cases =>
- Big promises based on big (untested) assumptions
- “Big batch” ideas (feature-rich product design)
Why so slow?

Underpinning it all: The illusion of certainty!

Internal focus
- Engineering / technical viability
- ROI analysis
- Internal politics

External focus
- Market fit
Lean Digital

BIG MIND SHIFT

Know-it-all
- Command & Control
- No mistakes

Learn-it-all
- Inspire by purpose
- Experiment
Lean Digital

![Diagram showing the intersection of Business, Customer, and Technology with labels for Useful, Feasible, and Possible.]
Lean Digital

3 Months

3 Months

3 Months
Lean Digital

Disruptive, risky bets with exponential returns

Safer bets with incremental returns

3 Months  3 Months  3 Months
Lean Digital - What's different from Lean Lean?

Uncertainty is King and change is fast ⇒ Need for **Continuous Value Discovery!**

<table>
<thead>
<tr>
<th>Difference</th>
<th>Tools / Techniques</th>
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<tbody>
<tr>
<td>Main <strong>Gemba</strong> becomes the one where the <strong>customer is experiencing the product / service</strong></td>
<td>Customer Journey Mapping, Qualitative Research, Prototype Testing</td>
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<td>Objective data about customer needs is rare so the team's <strong>Collective Intelligence</strong> and <strong>Collaboration</strong> are critical</td>
<td>A3 + Design Thinking</td>
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<tr>
<td>Constant pursue of <strong>exponential</strong> digital opportunities</td>
<td>Antifragile portfolio management, zombie project wipe out</td>
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The Magic of Short Cycles
Understand customer needs and deliver on them quickly and efficiently - at scale
How the 13th largest bank in the world is transforming with Lean Digital
About Itau Bank

#1 Private Company in Latin America

Top 10 in # of customers
60+ Million

90,000 + employees

# 1 Globally In Return On Assets
The client relationship with the bank is becoming more digital

Volume of transactions of Itaú Unibanco clients

Sources: Institutional Presentation | 4Q 2016  * Standard channels: Branches, ATM, Telephone; **Electronic Remote Channels: Mobile and Internet.
Building our digital bank

a truly digital bank
integrating digital resources in an innovative way to reinvent the whole business together (Traditional + Digital)

lead time

customer experience

cultural transformation
"We have to run [...] Our biggest challenge is culture"

Roberto Setubal, CEO - jun/16
How to change a culture

...act your way into a new way of thinking!

"Culture is the set of beliefs and behaviors that were successful for us in the past" (Edgar Schein)

Old model
Change thinking to change behaviour

New model
Change behaviour to change thinking

*Shook/Schein Change model
How to change a culture
...increase the chance of success for adopters

Start where there is *openness*

Provide *safety* to the people involved

Support by *expertise concentration*

Deliver *biz value* every quarter
1st step
Collaboratively agreeing on issues and alternatives
An A3 authored collaboratively by 35 people
Major findings

**Slow by Design**
- 24 months to launch a new digital initiative
- Multiple handoffs and silos

**Risk Averse**
- Can't fail mindset
- Problems are "not welcome"
- Plans and estimates got a lot of "cushion" / safety nets

**Internally Focused**
- Almost no customer involvement in the product creation process.
- No singular view of the customer and customer trends.
Value Stream based organization

Customer Needs

Autonomous cross functional team

One team, one (high level business) goal!
New way for running the PDCA cycle
Reduced lead times ⇒ Customer love

In one year...

0.7 to 4.5 releases/month

2.9 to 4.2 Star Rating

Awarded Best Banking App '17
Multidisciplinary team with a higher purpose goal ⇒ Autonomy and risk-taking

**Insight:** analytics shows very low adoption among a certain demographic (older people w/ old phones)

**Research:** demographic is found to be non tech-savvy, users "scared" of the app complexity/comprehensiveness

**Prototype:** a "light app" (simpler and clearer) is tested

**Build:** MVP is built and pushed live on Google Play

**Results:** 5+ million downloads. 4.5 star rating.

From Idea to Live Product in 4 months!
I know the solution. I just need my team to deliver faster.

We’re openly facing problems and working together to solve them.
CI&T Lean Digital
Cornerstones

Leadership Development

The Thoughtfully FAST way

Management System

Lean Design & Delivery

Stable Teams

Scaled Agile with control

Short Cycles

Pulled production and continuous flow

DevOps

Value Engineering

Experience Design

MVP, build, measure and learn

Problem solving A3 / Hoshin Kanri

Learn by Doing - Shuhari

gemba/go-see

Visual Management

Predictive Metrics

PDCA

Camp by Camp/OKRs

CI&T Lean Digital
RECOMMENDED BOOKS
Q&A
Exercise

Challenge yourself to think of an “exponential" digital idea for your business and pitch it to your neighbor.

Quick reminders:

○ Sweet spot: Customer x Biz x Tech
○ Market fit testing roadmap (MVP, test before build)
○ Team & structure
Thank you!

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