



Fast Scaling— A Practitioner's Guide

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Sue Mohrman (USC); and Bill Pasmore (CCL)

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Fast Scaling^{1,2,3}

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The STARLab “Scaling” Community of Practice met virtually (Zoom video conferencing) on three separate occasions during the first quarter of 2018. During these discussions, company examples and research findings were shared. A documented case was presented representing a successful “fast scale” approach to enterprise-wide adoption of a new business model and organization design. Community of Practice members found the case interesting and relevant but requested the journal article be leveraged into a fast scale methodology guide for the practitioner. This paper first discusses key points made in the scale community of practice, and then follows with a practitioner-based methodology for fast scale based on the case study. The appendix describes the initial STARLab research finding from members companies identifying scale as a key organizational challenge in driving digital transformation. A brief perspective is provided to the challenge.

Digital Scale: Key Points

Generally, digital transformation requires three steps, one of which is scaling. The first step is creating a digital transformation plan. STARLab companies agreed that their digital initiatives started with plans, roadmaps, or playbooks - all aimed to get them to their “strategized digital future.” The second step is ramping up the digital effort through pilot projects. This usually means prototyping new processes, or new products and/or services, most touching the customer in some meaningful way. Once prototyped, they are quickly tested in the market, results are measured, and further optimization takes place. Budgets are tied to the achievement of targets, progress is analyzed in fixed cycles, projects are immediately canceled if necessary, and the organization starts undergoing redesign.

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³ This paper represents IRC4HR Deliverable 4 “Communities of Practice: Scaling - A practitioners document”. A detailed case is available upon request: “The Design and Acceleration of Healthcare Reform/ACOs: The Fairview Medical Group Case” by Stuart Winby, Christopher Worley, and Terry Martinson - Chapter 2 in the book “Reconfiguring the Ecosystem for Sustainable Healthcare - Organizing for Sustainable Effectiveness, Volume 4, 31_68, Copyright © 2014 by Emerald Group Publishing Limited.

Essentially this second step leads to either modifying or creating the digital operating system. The third step deals with consistent implementation - scaling. This is rolling out the digital initiative, which STARLab members defined as a transformation process to the entire company and its ecosystem.

The biggest challenge to scaling

Scaling involves bringing a qualified digitized product/process or system out to the organization as a whole. This requires a plan that includes an organization redesign and change effort. But when it comes to ramping up newly digitized processes and rolling them out across the organization, companies find that events in the real world cause them to alter their original plans. This is especially when the plan requires customer feedback. The biggest challenge to scaling seems to be tension caused by the rapid, companywide implementation of digital and organization solutions tested in pilots and the on-going adaptation in the real world. The organization needs to continually adjust. Learnings from customers, discoveries of more efficient and effective ways of structuring work, and new product and service innovations continue to change the march to standardization. So digital scale means high flexibility. As one community of practice member put it, “Every day, you learn something new because things change so quickly, including the target scenario, it puts the organization under huge pressure to derive new targets from on-going findings.”

For the organizational designer, ongoing adaptation of a scaling process requires tools and processes leveraged from agile methodology, including iterations, on-going learning and adjustments. We referred to this the act and adapt cycle. This requires operating people and networks who are doing the implementation to be able to apply these methodologies in an organizational context and design.

Several dimensions to scaling ... but it comes down to organization

There are three kinds of scale. The two most executives focus on are growing revenues and growing the customer base; and of course, if you don't get those right, then nothing else matters. Very few businesses can succeed on those fronts without also scaling the organization. An organization's size and its ability to execute determine whether it can capture customers and revenue.

Start-up scale is one thing and scaling a company is another. In most scaling efforts, the plan is not to scale each element of the company at the same time or rate. The scaling effort most

likely focuses first on customer service and sales then to other functions, but even then, you'll have to fast scale the other parts of the organization. So the organization designer needs to be thinking about the company as a whole: How will new cross-functional silos work together? How will members of the ecosystem and internal operations work together in service of the customer experience? How will you allocate your talent, and then how will you grow it? How will you hold on to your culture? How will your competitive landscape shift, and how do you prepare leadership recognition skills, practices and experimentation to adapt to fast changes in the environment.

Fast Scale: Case Overview

The purpose of this fast scale case is to provide executive leadership and organization design practitioners with a quick overview of a design methodology for scaling solutions quickly. The methodology will be presented at a high level through a case example.

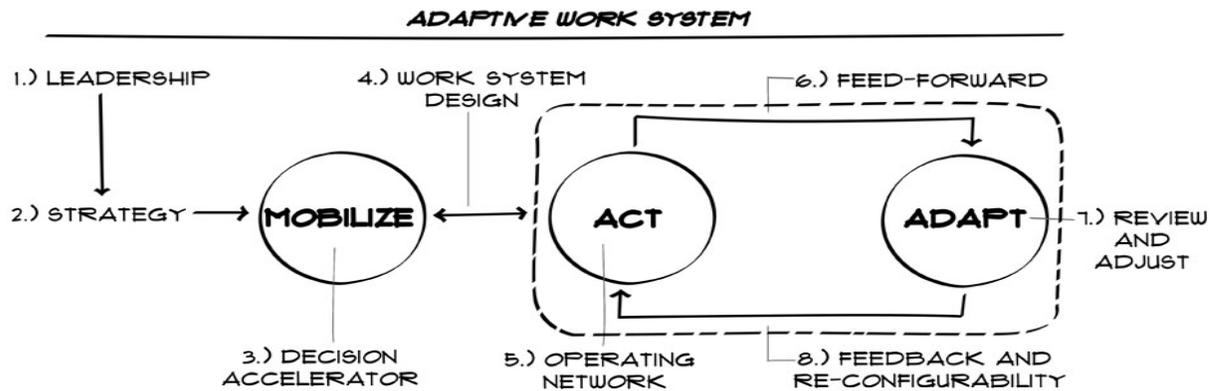
The Fairview Health Care System in Minneapolis is linked to the University of Minnesota Medical School. The key sponsors for this effort were Fairview's CEO, Chief Medical Officer, and Chief Innovation Officer.

The Fairview case is an excellent example for two reasons. First, it was considered successful because the scaling effort improved performance outcomes (reduced cost, improved clinical outcomes', and improved patient experience). Second, the process greatly accelerated transformation. Building on an initial prototype of a medical care clinic, The Fairview Medical Group developed an innovation and fast scale change capability that transformed 35 primary care clinics in 11 months. The clinics were certified by the state of Minnesota as complying with standards representing a new business model and clinical model for healthcare. A statewide press announcement was noteworthy because it revealed that only 10 other clinics from all other integrated healthcare systems in Minnesota were certified over the same 11-month period.

Adaptive Work System

The fast scaling process at Fairview was guided by the adaptive work system methodology shown below (Figure 1).

Figure 1.



The Adaptive Work System Methodology has eight activities.

Activities 1-2. Leadership and Strategy:

The adaptive work system is powered by leadership behavior and a clear and shared strategy. These activities are fully consistent with models of organizational agility. Executive leadership is responsible for recognizing the need for changes in the strategy and business model and authorizing a strategizing process. Such behavior sets the tone for creating a capability to enable fast high-quality problem solving, the creation of an implementation plan, and a mobilized and committed critical mass of key stakeholders. The adaptive work system challenges leaders to execute strategic innovation processes as well as operating strategy initiatives in an accelerated agile fashion. Once a clear and shared sense of the strategy is developed, resources are mobilized to create an “act and adapt” learning and implementation system.

At Fairview, the leadership and strategy activities were initiated when executives recognized the need and demand for new business and operating models in the healthcare environment. Healthcare reform was a constant drumbeat in national and regional regulatory settings.

- Executives commissioned the prototyping of a minimal viable product (MVP) solution that was called a “medical home.”

- The new clinic was driven by a new business model and organizational design, and formed to customer, business and clinical requirements. Two clinic sites were identified and asked to transform into the new medical home model.
- Complete transformation from traditional clinic to new medical home clinic (took 14 months), and then 3 months to hit “steady state” performance requirements.
- The new design was captured by a list of 48 functionalities that served as build requirements for the other clinics.

At this point, executives realized that taking 14 months to transform 35 clinics in the system times the costs of transformation per clinic was not a viable approach to scale. The CEO and Chief Medical Officer asked, “How can we scale faster and cheaper”?

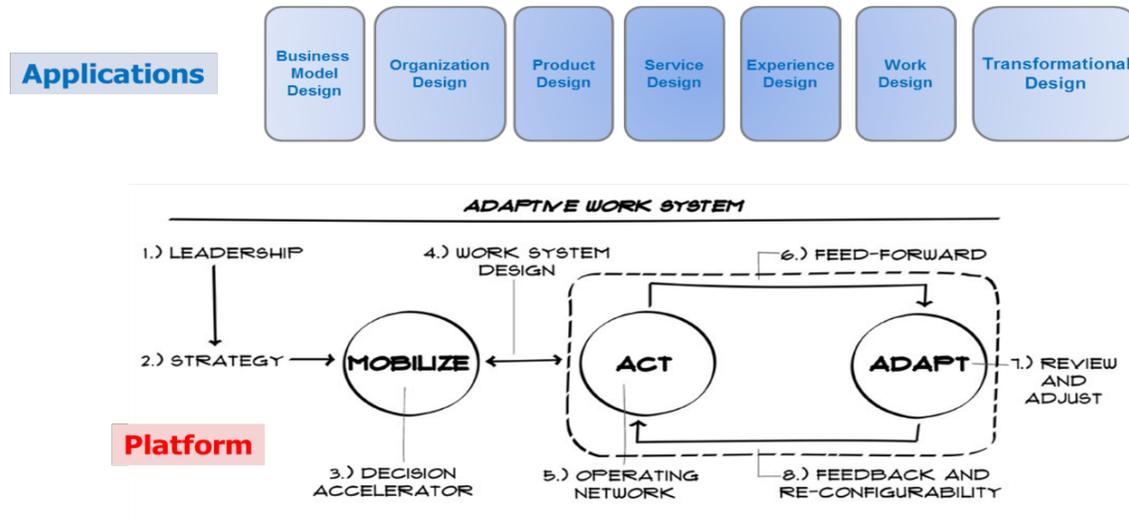
In preparation for the Mobilize activity, the organization conducted educational and awareness sessions for primary care physicians, RN nurses, and care providers. The nature of the required transformation is summarized below:

FROM	TO
One size fits all design for stability and reimbursement	Flexible and tailored design for health and value
Hierarchical work at the practice level driving single loop learning	Network-based view of work at the system level driving double loop learning
Primary care as “gatekeeper	Primary care as “coordinator and integrator
Physician-centered, specialized and fragment delivery	Patient-centered, comprehensive, coordinated and team-based delivery

Activity 3. Mobilize - Decision Accelerator

The Decision Accelerator (DA) is a management process that improves both execution performance and innovation capability. It mobilizes key stakeholders, rapidly iterates and problem solves complex situations, and enables participants to close on a shared vision, solution, and implementation plan. The DA operates as a production system of social networks. The DA as a network platform accommodates an assortment of applications: business model design, product, service, and experience design, socio-technical design, organization and transformational design applications (See Figure 2).

Figure 2:



The Mobilizing event at Fairview involved identifying participants, finding a venue space, and developing an agenda. It was a one-day event

- Context
- Fast overview and learning of 12 functionalities
- Clinics create 30-60-90 iteration plan with identified functionalities to build to requirements for each iteration.
- Create capacity plan to ensure resources to build functionalities in 30-day schedule.
- Meet and share plans with neighborhood clinics.

Activity 4. Work System Design

The output of the mobilize activity is a work system design that is fit for purpose, a set of interrelated elements (people, processes, rewards, technology) orchestrated to transform existing systems into a final and scaled design solution. The work system is carefully crafted as an integrated, team-based system with feedback loops for fast learning and adaption.

The Work System Design at Fairview described how the organization was going to build 48 functionalities in each clinic to meet certification requirements in parallel. The general steps are as follows:

- a. Prepare design team for implementation
- b. Each clinic assigned a coach (one coach per neighborhoods)
- c. Training materials and aids were developed by HR support

- d. Centralized website and IT system, monitoring progress, identifying best practices, providing tools and techniques, blog, etc. Keeping transparent record of progress of clinics and functionalities approved.
- e. Continued learning because things change so quickly, including new target scenarios. Pressure to derive new targets from findings. When scaling biggest issue is continuous changes to initial specs and requirements.
- f. Customer / patients at the heart of the scale. Customer feedback and data
- g. Once a milestone is met, process gets green light, and fresh money injected into next step. Budget released on milestone to milestone basis.
- h. New way of thinking: networks not hierarchy, learning and adjusting. Patient feedback drives change
- i. Prepare for 30-day iteration reviews and retrospective.
- j. Pull system, not push

Activities 5-6-7. Act and Adapt Cycle of Operating Network, Feed-Forward, and Review and Adjust

The “Act” and “Adapt” capability implements the Work System Design. The operating network consist of one or more teams utilizing agile methods. As teams build solutions, they share solutions and adjust their work. Teams are configured to reinforce each other through transparency and jointly managed task interdependencies. Variances identified in each iteration are eliminated or controlled so the work system reconfigures as needed to insure efficiency and effectiveness of results. Executive sponsors play an active role in providing the authority and resources to eliminate and control variances impeding performance.

The act and adapt cycle was defined by distinct ‘Units of Analysis’ and the execution of the 30-60-90- day implementation plans developed during the Mobilize event. To facilitate rapid sharing and learning, all of Fairview’s 35 clinics were identified as the key work units of analysis and organized into a network structure using a neighborhood metaphor.

A HOUSE was defined as a 1 Clinical Care Team within a clinic.

The HOUSE had the following schedule:

- Huddles daily; may utilize twice-a-day iteration opportunities
- How is work changing? How are we working together?
- What are we learning together? Fail fast
- Team Building/Panel Management (Phases 1 and 2)

A BLOCK was defined as 1 Clinic. Its cadence was defined as:

- Weekly Meetings _ how do we learn from other teams?
- How is overall clinic changing/adapting?
- Team Building/Panel Management (Phases 1 and 2)

A NEIGHBORHOOD consisted of 4-6 geographically close clinics.

- Meet every 30 days—it’s an opportunity to “Catch your breath”
- What can we learn from other clinics?
- How is our learning progressing?
- Local innovations/optimizations to tie in additional clinic sites

The TOWN (aka the Fairview Medical Group) consisted of all the neighborhoods

- Meets every 90 days—Town hall meeting
- What has been learned in neighborhoods?
- What best practices can be adopted by the entire town?

The 30-day iteration cycles defined at the Mobilize event were critical because clinic teams learned the following routine: (a) develop and present the new functionality, get user feedback, and if not meeting user requirements then return the functionality back into the set of 42 functionalities for further development; (b) learn from other blocks and neighborhoods in their review of functionalities; (c) identify the social and technical variances preventing performance and how they will be eliminated or controlled; and become familiar with the central website and technology aides to speed adoption of functionalities.

Activity 8. Reconfigurability

As necessary and dictated by review and adjust cycles, the work system is reconfigured to quickly shift how resources are allocated and how work is organized. Typically, the network comes back together to ensure alignment with all stakeholders and makes needed strategic and operational adjustments.

Fairview had a 100-Day second DA event. During the two days system wide reconfigurable took place. For example, on functionality #14, clinic #22 created a best practice. This was communicated to all 35 clinics and new functional specs and performance standards were identified. Examples, methods and tools were available for clinics to quickly adopt the new standard. Common systems wide barriers were identified (e.g., cycle time in receiving central support for coaching and support) and solutions created and announced during the two day decision accelerator event.

The Key Drivers for Fast Scale Results

1. **Executive sponsor leadership.**
2. **Operating network of key stakeholders including members of ecosystem.**
3. **Parallel processing. All 35 clinics were transforming at the same time in parallel.**
4. **Learning system to reset targets, reconfigure org design, in real time.**
5. **Resource coaching and support.**

Summary

The adaptive work system is a capability in the hands of executives to enables performance through optimization and efficiency on the one hand and growth through innovation and agility on the other. The ability of a company to be ambidextrous, both hierarchical and optimized and simultaneously agile for innovation and growth is what today's executives need to effectively manage. Organization agility is a cultivated capability that allows an enterprise to make timely, effective, and sustained change when emergent circumstances require it. Also known as strategic agility and innovation, agility embodies the capacity to sense opportunities and threats, solve problems, and alter the firm's resource base.

Unfortunately, most companies today position agility as a methodology, a standard established way of working (number of stand-ups we do each day and where) to rate their level of agility. There are organization design routines and management processes outside of the standard agile team methodology that determine how an organization's agility. The ability to foresee as well as respond to opportunities and challenges quickly and effectively (strategic agility), and to determine which parts of the organization need to be designed using the agile methods beyond software development (operations agility).

APPENDIX

Initial STARLab research findings from member companies identified scale as a key organizational challenge in driving digital transformation. Below is a definition of the scaling challenge followed with a perspective on organization scaling.

Challenge Definition

Companies expressed challenges in driving digital and agile transformation at scale.

- Organizations are struggling to conduct four types of scaling activity: (1) rolling out automated optimized processes to the larger organization, (2) growing a start-up business to a full standalone P&L, (3) scaling agile units, and (3) pushing a capability out to the value chain
- Most companies do not seem to have a scale plan beyond a traditional project plan, in other words, an organizational design plan is not considered in the scale rollout, even though the company wants to become more flexible, agile, and fast.
- If companies don't drive digital transformation at scale, the gravitational pull of the legacy organization brings you back to the way you used to operate.
- When scaling agile, companies struggle to know which function should be reorganized into multifunctional agile teams and which should not

Perspective - Scaling

A digital transformation plan usually starts with the company strategy, "How are we addressing what's happening in the market and with our customers?" Based on that strategy, the organization analyzes its processes and assesses where digital technology can offer the most benefit and value. Customer facing processes (critical customer journeys) usually rise to the top along with targeted process improvements in key value chain operations. Then pilots, generally lasting 3 to 12 months, are created to prototype solutions and plans. Scaling becomes the third phase, and this is where things often stumble.

Scale can come in different shapes and sizes: from rolling out optimized processes to the larger organization, growing a start-up business to a full standalone P&L, scaling agile work units, or automating processes in organizational functions to make the hierarchy more efficient. Many organizations and their leaders view scaling as a project management issue to be controlled from the top and put on a cost/schedule platform, the same methods used with past change initiatives and which seem incongruent to the methods and culture of agile processes.

However, some organizations are beginning to view scaling as an opportunity for organizational change, for transforming the company to a more flexible, modern, agile enterprise. Can leaders seize on scaling as a transformational change opening to design a more agile organization?

Viewed from this perspective, scaling is a managed organization design process to enable the establishment of a new digital and agile mindset in the organization: Teams instead of hierarchies; networks instead of silos; constant adaptive learning from the scaling process; and from customers instead of incremental continuous improvements. A key to scaling is the ability to make ongoing adjustments to plans in the rollout—scaling means high flexibility. When switching from sequential start-up pilots to parallel processing for fast scale, network organizations are created because they are faster and more flexible.

Organization design starts with strategy, and the design is the most efficient and effective way to meet the strategy's goals and objectives. The same applies to scaling. The digital transformation plan is used as a basis for building a capability that will serve the organization today and tomorrow because innovating and scaling are processes that will never end. It establishes a designing to scale capability on where to start, how fast and how far to go, which functions should be agile, and which should not, and how to integrate and coordinate between agile and non-agile hierarchical units.

In creating a designing to scale capability, several questions should be asked: What is the plan to go from a handful of agile units in areas like software development, IT projects, or digital value add projects to an agile company? Would scaling agile work designs and networks improve corporate performance? Could whole segments of the business operate in this manner? When we scale, which functions should be reorganized into multifunctional agile teams and which should not. Frequently when numbers of agile teams are launched, they are bottlenecked by slow moving hierarchies. How do the non-agile units support the agile units, and vice versus?

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The **STARLab Alliance** is a non-profit learning consortium focused on creating next generation organization design and leadership models

The **Digital Organization Design STARLab** is a year-long learning experience that allows participants and subject matter experts to collectively explore and prototype practical and innovative responses to digitalization. STARLab Participants include 3-6 senior leaders from 10 companies, well-into the digital transition of their business models, who will partner with leadership and organization experts. The STARLab accelerates learning and creates organization design solutions that optimize the application of advanced technologies and human capital approaches to achieve agility and sustainable effectiveness.

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