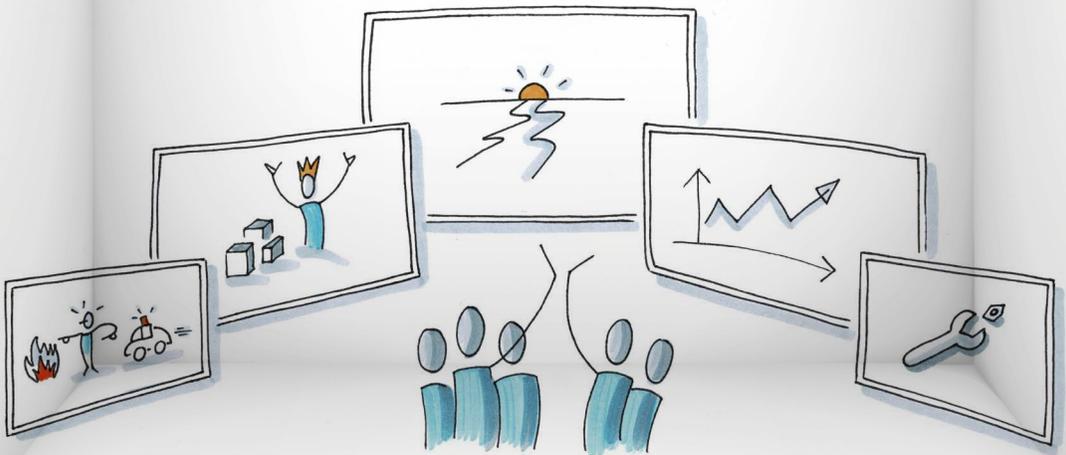


LEADING WITH OBEYA

Maximizing human leadership potential



Tim Wiegel

“New ways of visual working has emerged considerably in the last few years. Obeya is a philosophy that can help you to understand how you can benefit from a visual language in your day to day business work. Visual thinking and doing is here to stay. *Leading With Obeya* is an engaging read to making the transition from traditional to visual management possible.”

Patrick van der Pijl – CEO Business Models Inc., speaker, author of *Design a Better Business and Business Model Shift*, producer of *Business Model Generation*

...

“Keeping an overview and the ability to steer when it gets big and complex in fast and dynamic environments, how do you do that? Obeya offers a solution and its practical value has been fully demonstrated in recent years. But how do you set up a good Obeya and how do you effectively introduce this tool into an organization? With his book *Leading With Obeya*, Tim Wiegel has succeeded in creating a book that offers many answers, but above all shows giant practical experience. The examples provide guidance, the approach gives direction, and the setup is super practical. In short: highly recommended!”

Rini van Solingen – speaker, professor at Delft University of Technology and author of *How to Lead Self-Managing Teams*, *Formula X*, *The Power of Scrum*, *Scrum for Managers* and *The Responsive Enterprise*

“I read *Leading With Obeya* with a feeling of great anticipation because, whilst many people are aware of the literal translation of Obeya (at its simplest ‘Great room’), few understand the philosophy behind its true use. I was therefore fascinated to learn how Tim would approach the topic and he didn’t disappoint. Right from the foreword Tim confronts the paradigms of how you, and your organization, works and challenges you to think differently on every page.

What I really like about the book is that Tim doesn’t expect you to agree with his every point, he simply wants you to think about how you and your organization needs to change to be successful, using the principles of *Leading With Obeya* to emphasize the importance of great Leadership. He uses some fantastic visuals and examples to engage the reader and he maintains an interesting narrative throughout.

The more people that are encouraged to move from a traditional management style to Lean leadership, the better, and Tim’s maiden book will help you and your organization to make the change.”

Philip Holt –Senior Vice President - Operational Excellence at GKN Aerospace and author of *The Simplicity of Lean* and *Leading with Lean*

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Foreword

This book is about leading organizations using Obeya, which, if used well, helps maximize human leadership potential. In recognizing our human flaws, we're all willing, but not always able to do what's necessary to realize our dreams with an organization. I truly believe that leading with Obeya — a big room in which we visualize our work in relation to our goals, catering to our cognitive abilities — maximizes our human potential to help organizations on their quest to glory. I hope, in particular, those organizations whose quest is related to making this world a bit of a better place will be inspired to increase their impact because of this book.

Speaking of glory, who has seen much of it in their organization lately? I've seen many organizations embark on Lean or Agile transformation journeys, improvement programs, or stay with the status quo. But with the exception of just a few, none of them had major success in terms of successfully transforming the way they work and the way they think — at least not while I was there. Maybe I bring bad luck. Or maybe something else was going on.

I've seen organizations and management teams struggling with seemingly similar problems; I wonder if you might recognize a few of them:

- Meaningless strategic planning sessions and follow-up documentation that ends up gathering dust on the intranet.
- Trying to push a hundred projects simultaneously and nothing gets done.
- Getting stuck in firefighting mode as a result of “operational debt” (fixing your structural problems).
- Long, stale management meetings that seem to add little value, and everybody knows it.
- Administrative burden from reports that nobody seems to read.
- Siloed departments that barely cooperate or even communicate.
- Increased KPI steering by senior management in an attempt to gain control over what's happening in the organization.
- Stating people are the most important asset, but no one actually experiences it that way.
- Adopting and transforming new ways of working, like Agile from the outside, but sticking to the old habits from the inside.
- And so on...

I do hear stories about overcoming these typical issues from teams or departments that achieve major successes, but they seem to be very rare. In fact, they seem to be so rare that when they do occur, news travels fast and a lot of other companies start to try to copy whatever happened there and paste it onto their own organization. Take the Lean tools we've tried to copy from Toyota, the Scrum methods we tried to copy from Nokia, the squads and tribes model we've tried to copy from Spotify, or the OKR approach we're trying to copy from Google. But, like with real copies, whenever you copy something the quality just isn't the same, and on some copies, the ink tends to completely disappear after a while.

When I evaluate organizations and their approach to making things better and I set out to achieve their goals, it often comes down to a change program that focuses on operational teams, adheres to some new and sometimes hyped form or way of working, and is ultimately driven by the need to either make more money or spend less money. But since we can't describe it that way, we'll tell people we're looking for things like "agility." I've seen some pretty agile teams indeed, all scattered going in different directions but never the same. Unfortunately, that doesn't really help achieve the financial goals either.

I was never really lucky enough to come across an organization in person that, from work floor to top management, decided to do things radically different. The Dutch home-care organization Buurtzorg comes to mind, Semco comes to mind... and now we find ourselves back at naming a handful of companies that deliver major successes that others are trying to copy (and are failing in the process).

And here I am writing a book for you with a name in the title that probably fits your definition of a new hype. So why bother with reading about Obeya, after reading my perhaps somewhat cynical foreword this far? Well, lucky for me, Obeya isn't anything new, it's been around since the mid-90s, so technically I'm not sure we can call it a hype.

But using Obeya, or a big room with visuals, will not add any value unless you put the principles into practice. Those principles are easy to trace back to an origin well before I was born (1981). They are pretty straightforward and you will nod in recognition looking at them, but possibly go back to doing your work like you always did without displaying any sign of changed behavior. So no hype there either, but rather a question: what's holding us back to simply start applying a set of principles and ways of working that make complete sense?

The bottom line of this book is not to create a new hype; it is not going to magically shift your operational teams into high performance mode and it will not increase your earnings before the quarter is over. This book will help you reflect on the way we tend to lead our organizations. It will address some very powerful ideas that have been passed down from the last century and are still being adopted and re-freshed in today's business literature.

You'll recognize a lot of these ideas in approaches like Lean, DevOps or Agile. The thing is, we haven't been really successful at providing leadership teams with an approach that helps them put these principles into practice. Leadership training and books are usually big picture regarding principles for behavior and such. Principles are great, but we're prisoners of our own habits. We read books, hear stories, and try to follow up on tips from a coach, but even though we logically concur those are good ideas, if they lack a practical way of implementing them in our daily routines, we think about them once or twice and then go back to doing what we always did.

The change that matters and brings about better organizational results cannot be cast upon your organization like a spell. Better and more affordable healthcare, more sustainable housing, higher profit margins, better engineered cars that wipe out the competition won't happen because you launch a program to "fix" the way your company operates. Results don't simply appear when your management team gets inspired on a leadership retreat. Your teams won't work faster if you hire more people. Your quality won't go up by bringing in more Quality Assurance experts. Your teams won't become more agile by hiring more Agile coaches. Your leadership team won't become an instant team of winners because you decorate a room and call it an Obeya.

If there's one thing I've learned from the successful teams I've been so fortunate to witness in person, it is the following: You will only achieve your organization's goals if you are able to establish dedicated, coherent, structured leadership that is devoted to nurturing teams and developing people into an army of continuous improvers. You must provide them with meaningful work and enable them to grow and thrive in delivering value for customers and achieving your organization's goals. You will find testimonies in the stories and comments of the people I've interviewed in this book.

This book is as much about leadership as it is about creating a big room. If you don't change the look, feel and taste of your game on the leadership level you will keep getting what you've always got. If you're not looking to change your game you've probably wasted your money buying this book. But if you are ready to change, please read on. 😊

FINDING STUFF IN THIS BOOK

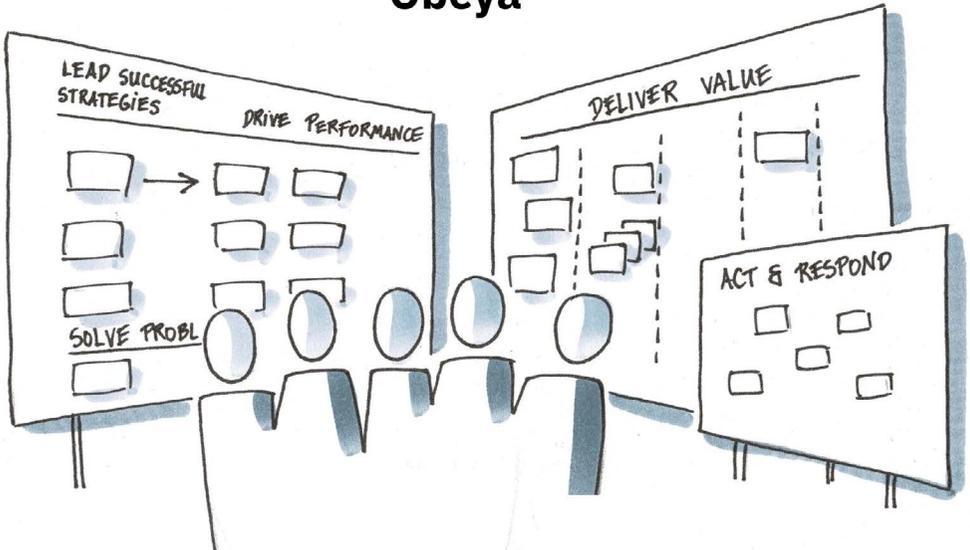
Part I

What is Obeya
where did it
come from?

Part IV

What's on the
walls of the
Obeya?

Obeya



Part II

Why do we
need Obeya

Part III

What's expected
of the thinking
and acting of the
leadership team?

Part V

How to
get started?

Part I

Where Obeya comes from and what it is.

Introduces the Reference Model that we'll use throughout the book.

Part II

Why do we need Obeya?

Understanding the context in which Obeya works and the four reasons that make it difficult to lead organizations.

Part III

Introducing the principles for behavior that help seeing, learning and acting in the Obeya.

Part IV

Looking at what's on the walls, running through each of the 5 areas of the Reference Model.

Part V

How to get started with Obeya: steps, pitfalls and tips.

Part I:

Introducing Obeya and the Leadership Reference Model

This book is for people interested in the development of (their) leadership capabilities in any industry or type of organization. If you are looking to achieve your purpose and achieve your strategic goals through meaningful activities on a daily basis, here is a good place to start.

Though the underlying principles in this book are inspired by Lean* thinking, our practical approach to explaining them allows you to take the first steps with an Obeya, even if you don't have a history with Lean or Agile.

But first things first...

What is Obeya?

The word Obeya means “big room” in the Japanese language. Why the Japanese connection? Because that's where the first “Obeya” originated, at Toyota when building the Prius.

The Obeya functions as a forum for leadership and operational teams to openly, visibly and respectfully engage to make the realization of the organizations strategy part of their day-to-day work. If done well it helps keep out ego-centered politics, confusing prioritization, malfunctioning management practices, misalignment, lack of direction for self-organizing teams and many other types of “traditional management issues.”

WHAT WE CAN LEARN FROM A PRIUS

Toyota put Obeya into practice in 1993 when launching the Prius. Whether you think the car is beautiful or not, Toyota was able to deliver the Prius in about half the time to market compared to many of its competitors, and it became the leading hybrid car in the world. It's challenge was to double the fuel efficiency of a normal car at the time. The Obeya was setup as the central hub where the team would collaborate over the development of the car.

As Jeff Liker explains in *The Toyota Way* (2003) about how the Obeya was setup by the Chief Engineer (senior leader) of the Prius project, Takeshi Uchiyamada: “One

* Lean, as used in this book, can be attributed to Toyota, as lead by the Toyoda family and refers to the works of authors like Ohno, Womack and Jones, Shook, Rother and others that describe the workings of the Toyota Production System (TPS) in terms of why and how it is successful.

of the personifications of the chief engineer is that they know everything, so even when developing different parts of the vehicle you know where the bolts can go together as well as what the customer wants. In the old vehicle development system, the chief engineer traveled about, meeting with people as needed to coordinate the program.”

The challenge of the Prius was that it had impossible deadlines and a product that was significantly different than other cars they built. There was simply no time to do it in the old-fashioned way. The team needed to do more in less time and still fulfill the promise of quality that Toyota stands for. “So what could Uchiyamada do, since he did not ‘know everything?’ He surrounded himself with a cross-functional team of experts and relied on them. For the Prius, Uchiyamada gathered a group of experts in the ‘big room’ to review the progress of the program and discuss key decisions.”



Figure 1.1 – Obeya and the Prius, sharing 360 degree context including mechanics and marketing

All the essential management information for the project was gathered in one area. There was one view, one version of the truth of the system to develop and build the Prius, to bring it to the market on time and with double the fuel efficiency.

Workers and managers of different disciplines shared their views of the product and performance visually in one room, creating a strong and meaningful context together. The cross-functional team was seeing, learning and acting together. By working with the prototype car and customer input all in one place, they enabled a focus on customer value and a comprehensive shared understanding with the team on the product to be delivered.

Toyota applied visual management in the context of the Prius project with a focus on the best approach for developing a product. It was an explorative journey, building a totally new type of car in an impossible timeframe. A lot of problems needed to be solved for which there simply was no easy answer, but the team was working with an unprecedented effectiveness.

The Prius was unveiled two months before the intended deadline, which seemed impossible to meet when it was announced to the team, especially for something that had never been done before. Toyota “had met their promise of delivering double the fuel efficiency of a similar gasoline engine car. What’s more, the price tag of ¥2.15 (about 20k USD) million was even lower than what the media had reported back in March.”

Jeff Liker, author of *The Toyota Way*, explains “The Obeya system has become a standard part of Toyota’s product development system for all vehicles, a fundamental innovation in cross-functional collaboration now copied around the world.” Today, the Prius is not just the best-selling hybrid in the world; in Japan it’s the best-selling car, period.

USING OBEYA TO LEAD AN ORGANIZATION

In this book you will find that we move beyond the concept of Obeya as merely an instrument for visual management and into the realm of leadership in organizations. The reason for this being that teams that transform their classical management activities into a way of working that centers around the Obeya, they go through much more of a change than merely putting visuals on the wall. The change takes place in how a team works, how they interact with their colleagues, when they meet, how they look at their work, their leadership system, how they coach, and many other things that you will find in this book. In potential, starting the journey of leading your organization with Obeya has the potential to be a transformation of the way you look at leadership. When we talk about Obeya for the remainder of this book, we talk about it in this wider context.

The teams using Obeya that I’ve worked with were not building a car. They were not able to inspect the quality of the seats or check how well the glove compartment fit or whether the sound was nice when the door was shut. In fact, many of these organizations were services organizations like banks, public services, telecom or broadcasting. As such, most of the people on the work floor were knowledge workers sitting behind desks with a computer screen. When there is a car prototype right

there in the room, you can see it, touch it and feel it, but in the case of knowledge workers it is more difficult as there is no physical representation.

The teams I've helped get started with Obeya were leadership teams whose product was not a tangible car, but an intangible object: the achievement of their strategic goals with their operational teams. As such, the Obeya on a leadership level needs help developing strategy and directing efforts towards achieving a purpose almost as tangible as having a car in the middle of the room, you want to connect with what's happening in your organization. So, in essence, it is an Obeya for leading your organization. I must emphasize straightaway, it is not just for people in a leadership position, but for anyone who contributes towards achieving strategic goals, just as the Prius had a cross-functional team.

The type of information displayed in a Leadership Obeya is usually a representation of the goals (purpose) of the organization, a strategy including customer and stakeholder needs, followed by a definition and outline of how value is delivered and how the organization manages to improve its performance capabilities to deliver that value. Usually, the Obeya is divided into several areas that each have a rhythm and routine describing when and how it is used by the leadership team.

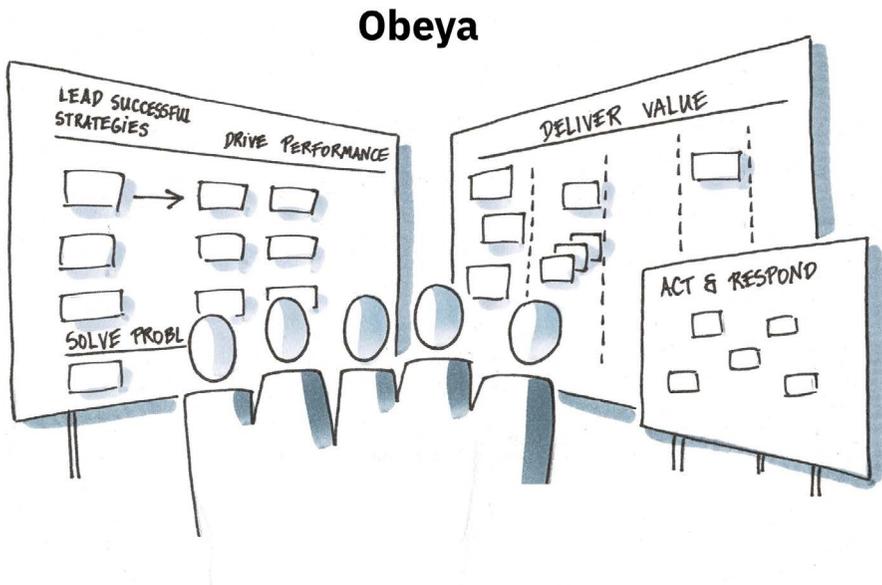


Figure 1.2 – Areas in an Obeya to lead an organization

You'll find many different layouts and setups of Obeyas. Every Obeya will look a bit different depending on who created it and where the team is in their journey (they will adjust the Obeya as they learn ways that work better for them). None is more "correct" than the other, but there are a few recommended ingredients we'll discuss in detail in Part IV.

Today, the concept of Obeya is being used by organizations around the globe. It has evolved beyond product development to cater to different types of organizations such as Boeing, Ford, Nike and ING Bank. The concept is being adopted by health-care, industry, financial services and public services. It is a useful way of working for large, international companies, as well as for start-ups and particularly scale-ups, where context sharing is a common challenge.

Obeya was originally used to develop a product (car) in the context of a program. But when we use Obeya to support the leadership function of an organization, it has the potential to align strategy, sharpen focus, share meaningful context and bring about learning and improvement skills for both leadership and operational teams.

"The fixed rhythms providing set topics and meeting frequency provided us with clear purpose and agendas for each meeting. Especially the quick regular updates (15-minute meetings) on problems to be solved and need-to-know things were a big improvement compared to talking about a variety of elements and content that came up during a meeting. The weekly in-depth numbers update helped us create context faster than before when we were drip feeding them in different formats and moments during the week."

– Pauline van Brakel, Chief Product Officer

OBEYA ISN'T ABOUT THE VISUALS ALONE

Essentially, Obeya for leadership teams aims to unlock the full human leadership potential. The clue in using a visual management tool like Obeya is to cater to (the limitation of) our cognitive senses and introduce a way of working that forms

new and desired behaviors through repetition and practice (Kata) to create new effective habits.

From here on we will talk about the use of Obeya in the form of a Leadership Obeya, and when we talk about the “team” it is the team that uses that particular Obeya to achieve their strategic goals. More often than not this is a team of people in a leadership position achieving strategic goals through connection with operational teams as well as senior management.

WHY USE OBEYA?

I’ve helped quite a few teams get started with Obeya, and a few months in they asked themselves, “How were we able to manage our organization before we had this?” There’s something very powerful and very obvious in this way of working that really has the potential to change old leadership patterns, and changing behavioral patterns is exactly its strength.

“Two key benefits for us using Obeya: (1) the ability to make difficult trade-offs to optimize limited resources in support of the strategy, and (2) alignment by means of a framework that provides team focus on a common mission.”

– Fred Mathysen, Senior Director

Imagine a meeting where energy levels go up rather than down! Let’s summarize a few of the benefits that can be expected when using Obeya:

Why use Obeya?

	Better alignment between teams and alignment of purpose	With strategy, between teams, within the team = more meaningful work
	More effective meetings	Important stuff first, in the least possible time, clear accountabilities
	Better insights & decision-making	Avoiding bias (as much as possible), using available (visual) context, facts & figures instead of assumptions
	People development	Building leadership & improvement capabilities
	Trust & collaboration	Transparency through visualization and dialogue creates trust in teams, up- and downstream
	Rewarding	Effective change enabler Visible results Get rid of dusty boring traditional meetings

Figure 1.3 – Reasons for using Obeya

What you should know before you get started

THE CONTEXT IN WHICH OBEYA ORIGINATED

As I explained earlier, Obeya as a concept was first coined by Toyota. It is useful to understand the context in which Obeya originated to understand how it worked and why it worked then and there. Context tells us something about the way of thinking

in which the idea originated and succeeded. Moreover, it will help you identify potential aspects that you might want to address in your own Obeya.

Obeya as a concept was first coined by Toyota, an organization already grounded in an improvement philosophy known for having successfully adopted the ideas and concepts of people like Kiichoro Toyoda, W. Edwards Deming, Kaoru Ishikawa and of course the “father” of the Toyota Production System as we know it today, Taiichi Ohno. Read their work and you will find an amazing amount of references to repackaged “modern” methods and ideas in the field of Lean, Agile and DevOps in various industries.

In this book we cannot presume to explain Lean or Agile principles and values properly as it would take several books to do so. But we can make a summary for you of the relevant thinking that plays a big role in the Obeya. This summary is far from perfect, but it should help you review whether this is being applied in your Obeya, and if it’s not whether that’s a positive or a negative.

I do recommend further study of Lean and Agile to increase your team’s ability to achieve more results with (and perhaps even regardless of) Obeya in your organization:

- *Toyota Production System* (Ohno, 1978);
- *Lean Thinking* (Womack & Jones, 1998);
- *The Toyota Way* (Liker, 2004);
- Agile manifesto (Agilemanifesto.org, 2001);
- *DevOps Handbook* (Kim, Humble, Debois & Willis, 2011);
- *Toyota Kata* (Rother, 2009) and
- *The Triumph of Classical Management Over Lean Management* (Emiliani, 2018).

Lean & Agile elements in Obeya



Constancy of purpose:

- Long-term goal setting & deployment
- Identify customer value
- Strategy visibly aligned on all levels



Respect for people:

- Human interaction over processes & tools
- Develop exceptional people
- Develop Craftsmanship
- Relentless reflection
- Leaders are teachers
- Facts & knowledge are where the work is done



Pull:

- Match supply with demand
- Deliver in the smallest, earliest way possible
- Just In Time
- First Time Right
- Minimum Viable Products
- Respond to change



Continuous improvement:

- Visualise systems to expose, inspect & solve problems,
- Maximize flow,
- Improve iteratively,
- Autonomation
- Verify hypotheses, scientific approach

Figure 1.4 – Listing some of the most important Lean & Agile elements to look for in the Obeya

In the Obeya, we will be looking for application of these principles. Do not be deceived by the simple appearance of these concepts. They are, in fact, incredibly hard to execute in practice in a consistent, qualitative manner so that they deliver results. Also, if the team is not willing to apply these principles at least to some extent, you end up applying a tool in a context that lacks the qualities with which it was once successful.

Fortunately, the ultimate goal of these principles is not simply to be able to apply Obeya, but to create the conditions for a successful organization. Many of the Obeya principles are ground in common sense, and the Obeya serves as an instrument to help you put them into practice through its visuals, rhythm and routines.

Jeff Sutherland, one of the founding fathers of Scrum (a way to adopt Agile in software development), said “Scrum is a way to implement Lean in building software. In fact, it has the advantage that if you follow it closely and implement well, you will be doing Lean as articulated by Mary and Tom Poppendieck without even understanding Lean.” I’d like to think the same goes for using Obeya. If you use it well, you will be applying a lot of the principles mentioned here from a leadership perspective.

TIP - To see if your team is applying these principles look for visible clues and evidence in your Obeya during session (behavior) or on the walls (visuals). Example questions you could ask:

1. Can we see the strategic goals and how the things we contribute to them?
2. Are we actually exposing problems that are on our path of achieving those goals, or do they remain hidden?
3. Are we trying to achieve the goals, or are we trying to improve our system?

ARE YOU READY TO SHIFT YOUR PARADIGM?

Toyota has been very successful in creating a systematic way of working, growing their culture of continuous improvement and encouraging respect for people. Slowly but steadily they have taken over the automotive industry since the Second World War, overtaking leading global players like General Motors and Volkswagen.

“It can be very difficult to convince leadership of this way of working, and align them on one standard method to define and monitor strategy and performance.”

– Fred Mathysen, Senior Director

Obeya originates from that context and it is useful to understand what is expected from leadership style in an Obeya. Mind you, the style that we’re looking for in an Obeya completely fits with the very latest (and earliest) management literature, from Covey to Mintzberg and Deming to Sinek. Here are a few style differences we expect to see in traditional management behavior and behavior that is based on Lean leadership principles and desirable in the Obeya:

Traditional management	Leadership in the Obeya
As a leader I must know all the answers.	As a leader I must discover the things I don't know in order to start knowing them.
Red is bad, we want only green.	Red means we understand where our problems and opportunities to improve are. If we're seeing only green we're not capable of exposing problems which means we're not able to get better at what we do.
Telling people the solution.	Coaching people to develop their capabilities to find the solution themselves.
We celebrate the one firefighter in the team.	Everybody must be able to solve problems structurally.
At the first sign of trouble we start shooting solutions from the hip.	Spending time to understand the root cause before talking about solutions, so we can make smart decisions.
The truth is in the Excel sheet.	The truth is where the work happens.
We reward achieving short-term objectives.	We reward sustainable improvements in the system that help us achieve long-term objectives.

Table 1.1 – Differences between traditional management and leadership in the Obeya

Do not expect to be able to setup and use an effective Obeya while holding on to a traditional style of management behavior. Just like teams have to make a serious change when adopting different ways of working like Scrum, so it is now the time for management to adjust. Managers who embark on an Obeya journey do well to inform themselves on what is expected of them, to avoid disappointment.

Moving away from traditional management ways and improving our behavior is a never ending process; there isn't a final "maturity level," in fact, mature leaders

will recognize there is always room for improvement. Asking a coach to reflect on behavior or setting up peer-review sessions is likely a necessity, if only to address our bias driven tendency to overestimate ourselves or the challenge to recognize our own flaws.

Many teams, if they feel they need to improve their game, first start addressing their culture. They might do an assessment, coloring their team personalities or writing down their values, and later sign a charter to promise they'll abide by those values and agreements and use them in their daily practice. They might even primarily look at the culture of the operational team rather than at their own leadership level when it comes to options for improvement.

However, over and over we are learning that change doesn't happen by thinking about change, it happens by actually changing the way we do things on a daily basis. As some say "we can't think our way into a new way of acting, but we can act our way into a new way of thinking".

TIP - While you read this book, keep in mind the change you might want to see in and with your team. What values and attitudes do you think need to change if you want to use Obeya successfully?

How does all of this relate to OKRs?

Objectives and Key Results (OKRs) is a practice that is being adopted by an increasing number of organizations today. You might have heard about or work with OKRs and might wonder how they relate to Obeya.

Just like Obeya, OKRs provide a system to set objectives, identify and monitor the achievement of key results. It does so through dialogue, engagement and alignment of employees in the organization in a cadence that suits the need for the ability to respond to change.

The Obeya is a great platform to support the use of OKRs and combine it with other relevant aspects of leading organizations. Using the Obeya as an instrument to vi-

sualize OKRs helps provide an overview of each persons' contribution towards the bigger picture. It also creates full transparency.

The Obeya encompasses objectives and key results and complements that information with necessary context for the leadership team to make decisions, solve problems and take necessary actions on a day to day basis. For example, next to goals and measurable results, we may also find structural problems, daily context, portfolio information and the actual flow of work on the walls of an Obeya. These are not just keeping us on the higher level strategic path (OKRs are recommended to review on a quarterly or monthly basis), but also help the leadership in the Obeya respond adequately to problems that need their attention today or tomorrow.

A big part of leading with Obeya addresses continuous improvement, which looks at a greater context than achieving a single objective. A potential pitfall with OKRs is that they originate from Management By Objectives (Lamonte & Niven, 2017).⁴ As such if the people involved in setting the Objectives are not well trained, or lack insight into the full context of their organizational system (which is created in the Obeya), they might end up with promoting behavior that serves the individual, not the whole. More on this in Part II.

Obeya will supplement OKRs by addressing the full spectrum of leadership responsibilities and principles for thinking and acting.

Leading With Obeya - Reference model

Obeya for leadership teams helps by supporting the strengths and avoiding the weaknesses of human cognition and resulting decision-making. It is essentially the forum where people in your organization align, focus and grow their (part of the) organization towards achievement of the strategic goals.

The Leading With Obeya – Reference Model* purpose is to help identify the areas and principles that are the essential part in an Obeya for leading organizations. The

Reference Model has been developed based on Lean and Agile principles, values and learnings. It has been peer-reviewed by more than a dozen coaches from the field

* From now on we will refer to this as the Reference Model.

and by members of the Obeya Knowledge Network, applied in practice with several Obeya implementations for teams as well as used in trainings internationally.

The Reference Model provides transformation and development guidelines for a Leadership Obeya, to be used on any level in your organization. Every situation is different and there isn't a one-size fits all solution for what an Obeya must look like. What might work for an HR team in a commercial enterprise might not work for an operations department of an NGO. However, the key activities of the leadership team remain the same on a fundamental level. As such, the five activity areas and seven principles for thinking & acting remain relevant for any leadership team.

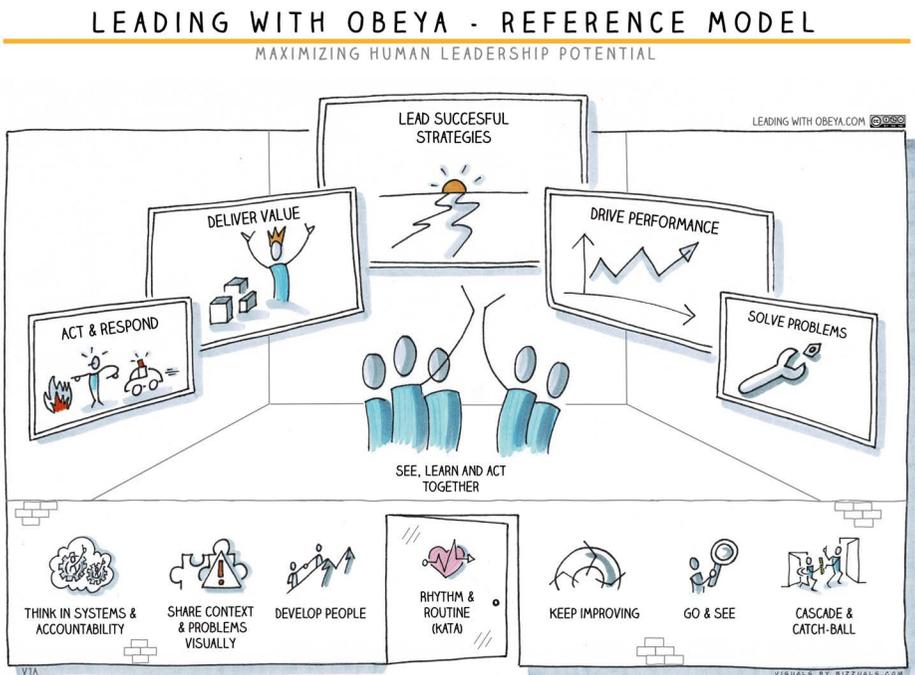


Figure 1.5 – Leading With Obeya – Reference Model

There are two types of aspects in the Reference Model, visible ones that you can see when you enter an Obeya and invisible ones that you will only see when looking at how the leadership team uses the Obeya. It is important to note that to make the Obeya work, all aspects must be represented, you cannot cherry pick. Even though you can start with just one area, you will find after a while that you're missing out on the others. My advice: do not call it an Obeya (yet) if you're just looking at a portfolio wall and haven't connected the dots with strategy, performance, problem solving, responding to daily reality and application of the related principles for behavior by the team.

VISUAL AREAS

Divided into five visible areas in the room, the leadership responsibilities describe key aspects of the work a leadership team should be doing. These parts will be explained in Part IV of this book.

PRINCIPLES FOR BEHAVIOR

These principles depict the way in which the team thinks & acts. The application of these principles will be visible when the leadership team uses the room and interacts with people, not necessarily just when looking at the walls. Since these principles play an important part in the creation of the physical Obeya as well as the start of the "transformation" process of the team, the principles will be explained in Part III of this book.

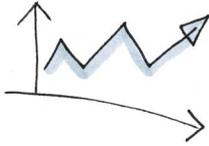
<p>LEAD SUCCESSFUL STRATEGIES</p> 	<p>The starting point for any team, this area describes the purpose and goals of the organization. It lays the foundation for everything we do and defines the outline for everything else in the Obeya.</p> <p>Example elements: a purpose, strategic capabilities, customer & stakeholder analysis, market analysis.</p>
<p>DRIVE PERFORMANCE</p> 	<p>Is our organization performing on the desired level so that we are able to achieve our goals? Can we test our business hypotheses? Should we pivot or persevere? What problems must we solve? These are the questions to be answered here.</p> <p>Example elements: metrics & indicators that help uncover and drive the performance of our organization.</p>
<p>DELIVER VALUE</p> 	<p>This area displays the activities we are planning, to unfold the delivery of value to our customers. That means we expose our delivery system, make choices on how to best spend our limited capacity and communicate our plans with stakeholders.</p> <p>Example elements: a roadmap, portfolio funnel, value stream map, product backlog and strategic planning.</p>
<p>ACT & RESPOND</p> 	<p>We've set out a course, but we don't know what's coming tomorrow. We need to be able to respond to change quickly and effectively. Teams must be supported and impediments must be resolved effectively. This way we can deal with whatever the future may throw at us.</p> <p>Example elements: Leadership Action Board, Inbox.</p>
<p>SOLVE PROBLEMS</p> 	<p>In this area we use a structured problem solving method to make sure we remove the root causes of our organizational problems for good. As such we move from troubleshooting and fighting fires to improving our system sustainably.</p> <p>Example elements: Toyota Kata storyboards, improvement A3's, metrics.</p>

Table 1.2 – Visual areas for the Obeya

<p>VISUALISE SHARED CONTEXT & PROBLEMS</p> 	<p>We must cater to the limitations of our brains, avoiding bias and assumptions. This is why we share context and expose problems visually, which greatly helps us arrive at better decisions and tackle complexity.</p>
<p>KEEP IMPROVING</p> 	<p>In this area we use a structured problem solving method to make sure we remove the root causes of our organizational problems for good. As such we move from troubleshooting and fighting fires to improving our system sustainably.</p> <p>Example elements: Toyota Kata storyboards, improvement A3's, metrics.</p>
<p>GO & SEE</p> 	<p>Instead of managing solely on the basis of reports, we regularly visit the work floor to provide support and challenge our assumptions. People on the work floor are the only ones that can show us how things really are.</p>
<p>THINK IN SYSTEMS & ACCOUNTABILITY</p> 	<p>Instead of sub-optimizing a team or a part of the organization, we understand we must make the whole thing work if we want a better outcome for our customers and stakeholders. The accountability over our system is visualized and shows in our behavior.</p>
<p>DEVELOP PEOPLE</p> 	<p>We respect people by educating them and nurturing their development. By investing in our people by teaching them coaching and improvement routines, we're building an army of capable workers, improvers and leaders that will make our organization thrive.</p>
<p>CASCADE & CONNECT</p> 	<p>In our organization, each team is connected to the other, top-down and bottom-up, all the way through the value stream, and by people, not by email.</p> <p>In our interactions we make sure we understand what is needed and we reflect on our intentions to reinforce the effectiveness of our actions.</p>
<p>RHYTHM & ROUTINE</p> 	<p>The only way to improve the way we behave as individuals and as teams is simply to start doing it.</p> <p>We use Kata to tune the heartbeat of our meetings and our routines to make sure we become super effective at making the right decisions at the right time, everywhere in the organization. If needed, problems go from work floor to top management in a day.</p>

Table 1.3 – Principles for behavior

What does an Obeya look like?

Many of the pictures you'll find on Obeya on the Internet will show a display of a rectangular room that utilizes four walls to display certain categories of information. Reality is a bit different though, especially with lack of available rooms that have only four walls. The nicer Obeyas I saw all had windows and a fairly open vibe. The smallest Obeya could fit maybe eight people and the largest was constructed in two buildings in different countries and successfully facilitated meetings of up to thirty people (though that was far from ideal).

If you've never seen an Obeya and have no idea what it might look like then here are two examples to get a better picture in your mind. The areas of the Reference Model are mapped to each picture. If you want more detail of what's on the walls of an Obeya than is provided in the below pictures, skip to "Part IV: What's on the walls."

Example 1: Strategic program on a single wall

This Obeya was created for a strategic program. It has the strategy area on the left side, creating a horizontal structure for each Strategic Capability. Then there is the "Drive Performance" area with the metrics that translate the Strategic Capabilities into something measurable. Moving right, we see the "Deliver Value" area where milestones are assigned to each Strategic Capability. To the right of that is the area where problems are solved, and, finally, there is the "Act & Respond" area.

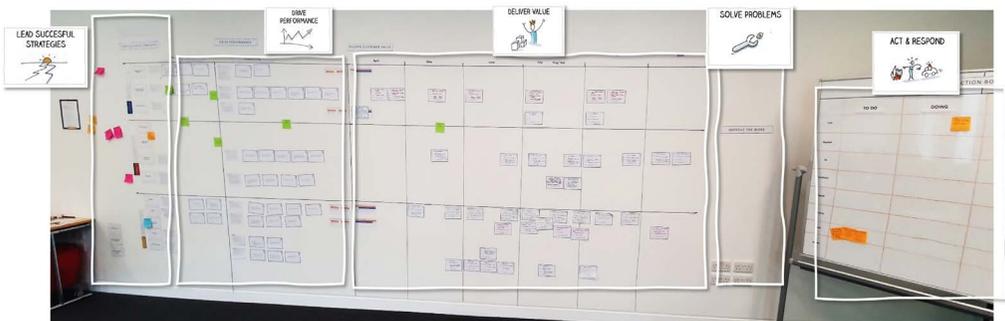


Figure 1.6 – Example Obeya for a program, left-to-right flow from strategy to actions

Example 2: Department using multiple walls

In this layout, we see the “Lead Successful Strategies” area define the Strategic Capabilities on the top, which flow down into “Driver Performance” with metrics. On the left, we find a number of improvement Kata storyboards that make up the “Solve Problems” area and to the left of that is the “Deliver Value” section. All the way to the right is “Act & Respond.”

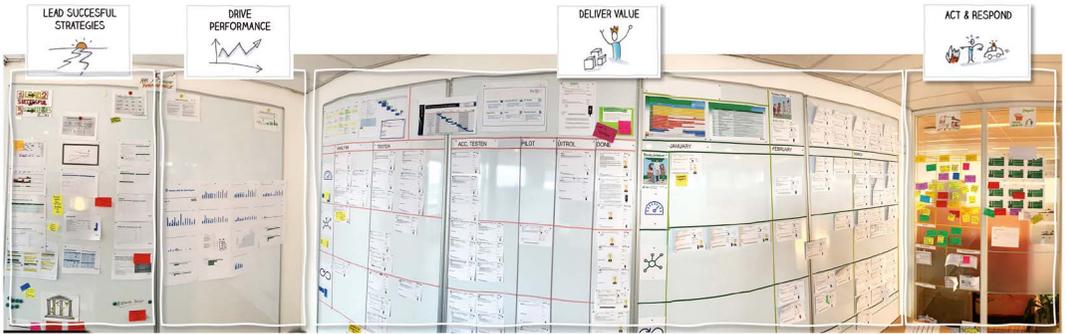


Figure 1.7 – Example Obeya for a department, top-down flow and various areas

Explaining what Obeya is without actually standing in one is very hard to do – and here you are reading about it in a book. Still, it is my intention to give you as much context as possible for a better understanding. So in addition to sharing pictures and drawings throughout the book, let’s look at a practical application of the Obeya.

How does Obeya work in practice?

Fred Mathysen, who was Senior Director of Global Operational Excellence at Nike, was so kind to share his story and explain how they got started with Obeya and expanded it over several locations in the world, including the US, Europe and China.

HOW DID YOU GET STARTED?

We got started with Obeya to simplify complexity. When you’re in a leadership position in a highly complex international company, you’ve got requests coming from all directions. In the leadership functions I had it was always a struggle to simplify the complexity.

With Nike, we had many ongoing projects and too many metrics. The nature of the matrixed organization is that you will have multiple managers influence the priorities of a team or function. We couldn't easily tell whether we were working on the right stuff in support of the overall strategy. We needed to be sure we were working on the right priorities that would be in support of the corporate strategy as it cascades down through the organization.

When I first experimented with Obeya, I was responsible for a department called 'Lean Business Enablement' which was implementing various European projects focused on Finance, Supply Chain and Information Technology. Also within my responsibilities were the European Lean efforts, which made it easy to start an Obeya experiment that involved using a room for the first time.

We said "Let's figure out a way to get the most important projects up on the wall, including information on who's working on them and what the status is". The first step was to share that with the team. At that time I didn't even know it was called 'Obeya'. It was Steve Bell, who was lead coach at the Lean Business Enablement program at Nike HQ in Oregon and was also writing his book Lean IT during that period, who pointed out to me that there was a word for this type of room.

The team was very excited about this experiment. One of the team members explained it best by saying: "If it isn't in the Obeya, I'm not working on it", which was what it more or less came down to in terms of clarity and focus working with Obeya. It simply took less time for us to be on the same page and prioritize our work.

Seeing is believing with Obeya. When we had our Obeya up and running, people from over the campus would walk by and peek around the corner to see this room they had been hearing about.

Nike's CIO was so excited about this, he sponsored a video of our Obeya room, promoting this way of working as a benchmark for the rest of the organization. It soon became clear that this way of working was more impactful than we first anticipated with the experiment.

HOW DID YOU USE IT?

We evolved over time and created and expanded the Obeya concept. I was asked to lead the Technology Europe organization located at our headquarters in the Neth-

erlands. It stretched my leadership skills because I had a very limited technology background. So without that knowledge, how do we get the team to be focused and work on the right things?

I quickly decided to use the Obeya as a means to lead the organization, which wasn't just doing projects but also delivering services. As such we built a room in which we realized an expanded use of the Obeya.

The approach was to first look back at the earlier experiment for learnings. Secondly, we decided to incorporate many more aspects of the over-all corporate, global and European strategy, allowing us to see the bigger picture on the wall.

It took us a few off-sites, refining all the information that we had gathered into meaningful insights in the Obeya. That was actually harder than we thought as we lived in the matrix, which meant that we had various VP's giving direction, many in-flight and newly requested projects, strict budgets, many metrics and a finite number of resources. But we kept developing the room, made mistakes but we continued improving!

The room was large and contained all the relevant information we needed for staff meetings, weekly, monthly and quarterly reviews and for project team working sessions. Our European GM would join us for a quarterly business review and there was no need for large PowerPoints... all the relevant information was in the Obeya.

We also held daily stand-ups with our own team to address the priority one tickets on the European level that were being handled by us. If there was a major problem reported, we'd use the room to address and track that problem. Almost everything we wanted to know during these meetings was on the wall, so why not use it?

Outside of the room there was a schedule of events for what meetings were being held in the Obeya. That helped us ensure the room was available during scheduled sessions but it also made it available for people wanting to have meetings and work with the information on the walls.

In the first Technology Obeya we had a room with a normal door which created more of a closed environment. So at some point we moved the Obeya to another location near the coffee corner and created a large opening with glass doors. Because of the openness of the room it stimulated the curiosity of our team and visitors promoting the sharing of information... a key component of an Obeya.

In the Obeya we had a metric on the wall which was people-related. The metric was very simple: “would you recommend a friend to work at Nike?”. That metric could also be found at the departmental level at each of their walls. During the survey we’d ask anonymous feedback from people. This feedback was reviewed by management, corrective actions were defined and teams assigned. The details of this information were displayed in a common area and used during monthly employee meetings where status updates were provided.

This was actually an expansion from the Obeya just for this particular topic, we didn’t do it for all the metrics in the Obeya. As leaders, we all take care that we’re doing the right things for our employees. Communicating this back to our teammates was critical for us to show we were walking the talk: we’re going to do something with their feedback. For example, we’d track and show our training program and speak openly about which teams were tracking to plan. The purpose was to ensure our employees would prioritize their development.



Figure 1.8 – Obeya room at Nike from the 2014 presentation

HOW DID YOU THEN GROW YOUR OBEYA TOWARDS OTHER AREAS IN THE ORGANIZATION?

At one point, we had one central Obeya for Nike Technology, which consisted of several departments, Infrastructure, Application Services, Portfolio Management, Business Integration, Functional Liaisons, and local tech teams in the countries.

So we built Obeya walls that resided at each department in support of running the actual day-to-day business in relation to the main Obeya.

Not all the implementations were equally successful. We learned that a key driver for a successful Obeya was the manager who was using it. One of our managers was fully opposed to the Obeya. But after a few months, he started seeing the clarity and focus that was created with Obeya and he turned a 180 degrees. His Obeya was always up-to-date and he actively used it with his team. Before there was the option of sifting through an unmanageable number of available reports, but you'd get lost in all the details. Now there is an area where the things that truly matter come together in one wall.

MOVING TO THE US

When I led the global operational excellence efforts, the focus was again more on the logistics and warehousing of our products. At one point, we had a challenge in one of our distribution centers. There was a lot of senior management interest from global headquarters to ensure we could ramp up the facility to its design capacity.

We were sitting in a small room with sticky notes all over the walls, trying to grasp the opportunities and prioritize our efforts. So I fell back on what I already knew to give us clarity, which was the Obeya. We prepared a presentation of what we'd need to set up the Obeya room. Once it was approved, we had the physical area built within just one week. Because we had the experience, we had done our homework and because there was leadership support, much was possible.

The local management team embraced the concept and that had a ripple effect on the other Distribution Centers as they were inspired by how we were working. There was a healthy competition between teams that were starting to build their own Obeya. Innovation and evolution in using Obeyas in your organization is a positive thing and can be facilitated through learning from each other's Obeyas. Learning is an important aspect to create synergy between the Obeyas too.

One of the challenges we had at that time was that there were so many projects that people were working on, that we couldn't do them all at the same time. We didn't want to throw it away, so we created what we called an 'opportunity pipeline' to ensure that we did not lose the great ideas that came from the workforce.

A strict governance model is necessary when running an Obeya. An example is the creation of a change control team. They would meet on a regular cadence and decide what work would be prioritized. The meeting was supported by the visuals we had in the room, like the opportunity pipeline, a value stream map, overviews of the teams, key metrics and all the executed projects.

At some point in this period we even started working with a third party logistics provider in our Obeya efforts. That was interesting because we basically expanded our way of working beyond the boundaries of the Nike organization. We started to see Obeyas being linked both within the organization and to our broader network.

OBEYA FOR SENIOR MANAGEMENT

There was a corporate need to standardize the way we looked at projects and metrics within our various distribution centers around the globe. Our vice president on his level essentially had the same need I had when starting with the first experiment: how to deal with all the complexity and how to make sure we have focus on what's important? If you have a set of global metrics that are then aligned from the top towards all these departments, there is much more consistency throughout. We also ended up building an Obeya for him.

It took some time to define metrics and start gathering them on a monthly basis. At first that took a lot of effort, but we made sure we improved the methods in which we did that so they became much more efficient. He was critical in helping define the top metrics needed to run the Supply Chain.

But building an Obeya on that level in the organization presented us with another challenge, because the amount of projects on that level that are running are just immense. Do you put them all on the wall? It wouldn't fit. Do you cherry pick? If you do, which ones would qualify? And if that's it and they represent only 60% of the total project budget, what do you do to manage the other 40%? We were having a lot of debates that revolved around the question 'what are we really building here'.

That's the art of it: how to figure out what you want to have on that wall. That art doesn't come by delegating tasks to everybody, but instead provide a direction and then dig into it with the team, make it work and improve it. It's a special skillset to be able to capture the essence of what you do and explain it and visualize it on the walls. And once it's there, you need to learn to have the right conversation that is

as focused as the visuals on the wall. Just opening the discussion like in traditional meetings likely causes a lot of chatter but no meaningful, concise conversation.

In that discussion people need to feel comfortable reporting the “correct” status on their projects. That also requires building trust and it’s a big responsibility of the senior leader. We can say ‘problems are good’, but not everybody will feel it that way. This takes time.

Observing the development of that room at the VP level, I realized how much I had learned from my earlier experiences, because I saw some of the pitfalls happening in that room. Because of the VP’s global responsibility he didn’t have the time to be on-site present with his team to work on a great room but needed to share his own vision on what he required. The VP would use the meetings in the room to be fully updated with the right information so he could then report to his superior. The Obeya helped figure out how to represent key relevant information to manage our warehouses around the world in a very practical and effective way.”

Tips from Fred:

- Make sure your team owns the Obeya, they need to be engaged and feel ownership.
- Align your department efforts with the corporate, GEO and functional strategies.
- Get leadership on board and let them experience the value it provides.
- Don’t get scared by the information on the wall, you can do it very efficiently, as also it replaces a lot of existing meetings, PowerPoints and reports.
- Learn to summarize the information, nobody wants to read lots of details.
- Invest effort into the governance model as it allows for crisp updates and course corrections when needed.
- Align your annual employee performance reviews to the Obeya as your team should be focused on and executing the department goals in support of the corporate strategy.

About the Author



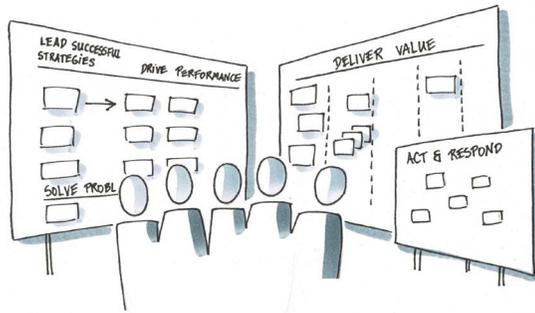
Tim Wiegel is a dedicated Obeya coach who has witnessed firsthand the breakthrough changes within teams, when strategy leads to meaningful action and performance.

He has over ten years of coaching and consulting experience, working at banks, public services, healthcare, government, industry and telco companies. Recognizing there was a deeper problem to many of the projects he was asked to do, he started his learning journey on Lean and Agile ways of working in 2012. But things really clicked when he learned about Obeya at the 2014 Lean IT Summit in Paris. Since then, he studied, experimented and helped teams get started with Obeya, from start-ups to boardrooms.

Tim has witnessed many teams make a remarkable claim: “Now we cannot imagine how we used to manage our organization without Obeya”. Leading with Obeya builds upon the broad spectrum of experiences and learnings throughout Tim’s career, providing a common-sense approach for leadership teams to make a difference in this world.

Tim leads up a coaching network that provides training and coaching at ObeyaCoaching.com and drives a growing community of people interested to lead their organization with Obeya.

In 2014 when Tim Wiegel was introduced to the concept of Obeya, pieces of a puzzle started falling into place. The Obeya (Japanese for ‘big room’) is a physical space where visual management is used to align operational teams and leadership in their efforts to translate strategy into meaningful day-to-day work and results.



Toyota started using Obeya during the development of the Prius in the 90’s. Both the car itself and the way it was developed were a huge success from a project management perspective. A growing number of companies and teams are learning about the advantages of working with Obeya in industry, consumer goods, IT, finance, telcom, healthcare, government and ngo’s.

Using Obeya not just for a project, but to lead the organization itself is the answer to a much needed alignment between leadership and operational teams. It helps develop the ability to have meetings that create meaningful context and avoid distractions such as bias, ego and over-complexity. When used throughout the organization, it supports the development of a systematic approach to leadership that enables consistent, coherent and effective decision-making. In search for cause-and-effect under the umbrella of a committed purpose and clarity on strategic direction, the systems-thinking approach of *Leading With Obeya* helps teams move from fire-fighting to improving the performance of their organizational system sustainably.

Working with Obeya is a way to maximize your human leadership potential. *Leading With Obeya* is the first comprehensive book about how to do it right.

Tim Wiegel is a dedicated Obeya coach who has witnessed firsthand the breakthrough changes within teams when strategy leads to meaningful action and performance. He aims to drive development of community knowledge of Obeya with the Obeya Knowledge Network, involvement in the Obeya Association and regular blogposts at ObeyaCoaching.com