

Rightshifting¹ – the challenge

Jim Womack & Dan Jones² formulated the first principle of lean thinking as the need to understand customer value.

But as soon as you consider product (or service) development rather than 'just' manufacturing, you realise the true need is to understand **stakeholder** value. Not least, because the knowledge-creation value stream (that delivers to the creative and customer-facing staff and sustains the organisations capability to adapt & compete over time) runs 'across' the value stream delivering to the end-consumer³. Furthermore, no organisation exists in isolation, and hence we recognise that value streams extend 'up-stream' and 'down-stream' of any organisation. Suppliers, employees, their families, and the communities in which the firm operates, are all stakeholders.

The Forum for the Future⁴ has suggested that humans obtain value from five kinds of capital:

- financial capital (treasure, the means of exchange);
- physical capital (the built environment, software & hardware systems);
- intellectual capital (IPR, know-how, skills);
- social capital (morale, esprit de corps, community spirit, the willingness to volunteer);
- natural capital (both renewable & non-renewable resources... including the oxygen, carbon, nitrogen and water cycles).

So... Gaia⁵ is a stakeholder too!

We can say that stakeholder value is **covalent**⁶... it is composed of multiple types of value, delivered to many different stakeholders, all concurrently.

If stakeholder value is composed of elements of the 5capitals, we need to recognise that, just as we understand the relevance of financial debt and cash flow, so we must understand the respective debts and flows of value of the four other capitals. What is more, it is not always possible to trade one kind of capital for another. Once a non-renewable resource has been consumed, you cannot get any more for love nor money. By definition. And there are good examples of both social and technical debt coming back to bite the respective firms in the global news at the moment: Bhopal+Union Carbide and Deepwater Horizon+BP spring immediately to mind. I'm sure you can add to the list yourself.

Prof. Allen C. Ward⁷ suggested that the deliverable from the product design & development value stream is not just the new product (or service), it is also the entire system-of-work for production and utilisation of the product (or service).

So... lean systems thinkers need consider the design, development & operation of systems-of-work that sustain the delivery of covalent stakeholder value measured with respect to all 5capitals.

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St. Clare's
7th July 2010

¹ The term 'Rightshifting' was first applied by Bob Marshall, Chief Coach, Falling Blossoms Ltd. @Flowchainsensei

² 'The Machine that Changed the World', James P Womack, Daniel T Jones & Daniel Roos, 1990

³ 'Product Development for the Lean Enterprise', Michael Kennedy, 2003

⁴ 'The Capital Theory approach to Sustainability: a critical appraisal', David Stern, 1995

⁵ 'Gaia: A new look at life on Earth', James Lovelock, 1979

⁶ The term 'covalent' in this context was first applied by Bob Marshall, Chief Coach, Falling Blossoms Ltd. @Flowchainsensei

⁷ 'Lean Product & Process Development', Prof. Allen C Ward, 2007