Implementing an Integrated Quality Process at a Software and Services Company
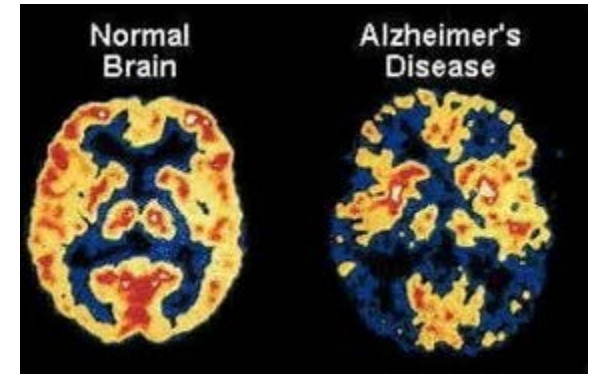
Dr. Steven Hodlin
Vice President of Leadership & Operational Excellence
Blackbaud, Inc
PDT 2017 2017 Professional Development Training
AGA - Charleston, SC Chapter
December 14, 2017

BBQ Blackbaud Quality

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> power your passion

Normal Brain — Alzheimer's Disease

CHILD ABUSE

DIABETES COMPLICATIONS
STROKE — HEART ATTACK — GLAUCOMA — CATARACTS — DIABETIC FOOT

Girl Scouts® Where Girls Grow Strong℠

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Purpose drives engagement and profit.
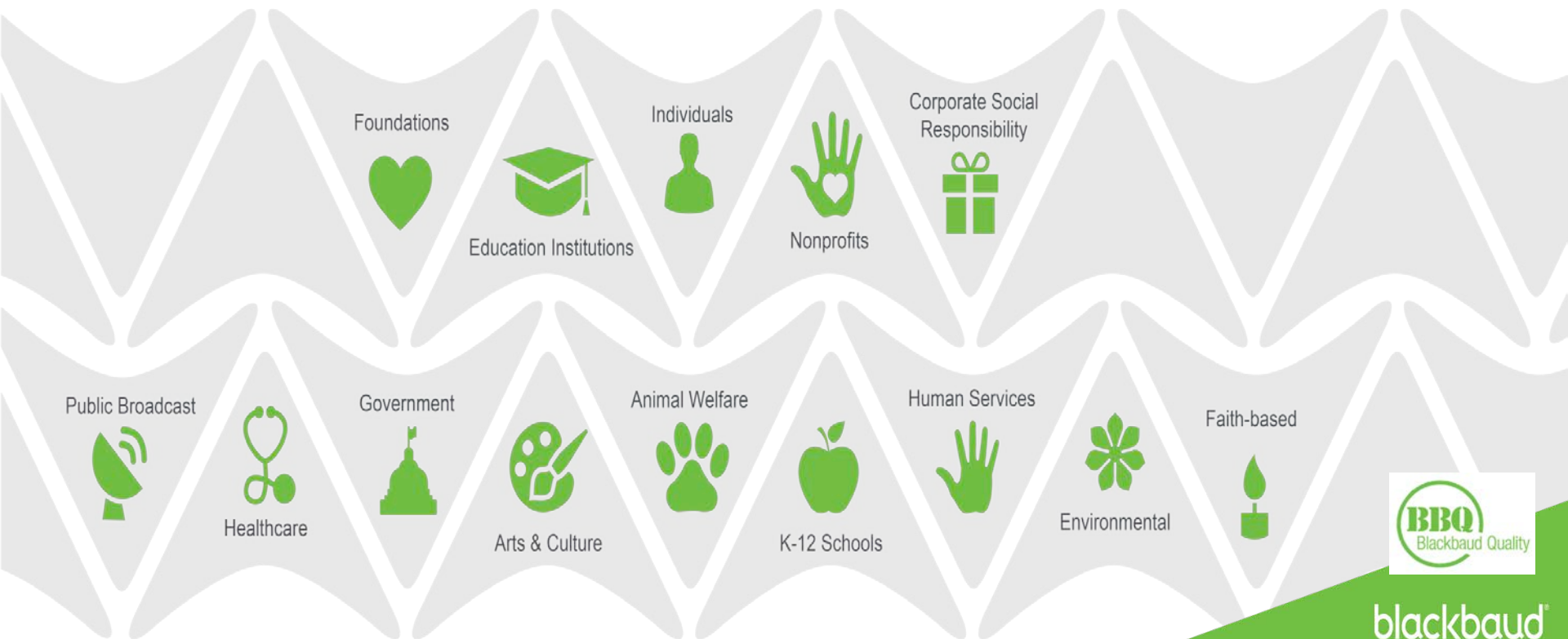The way to a more profitable company is to put purpose, rather than profit, at the center.
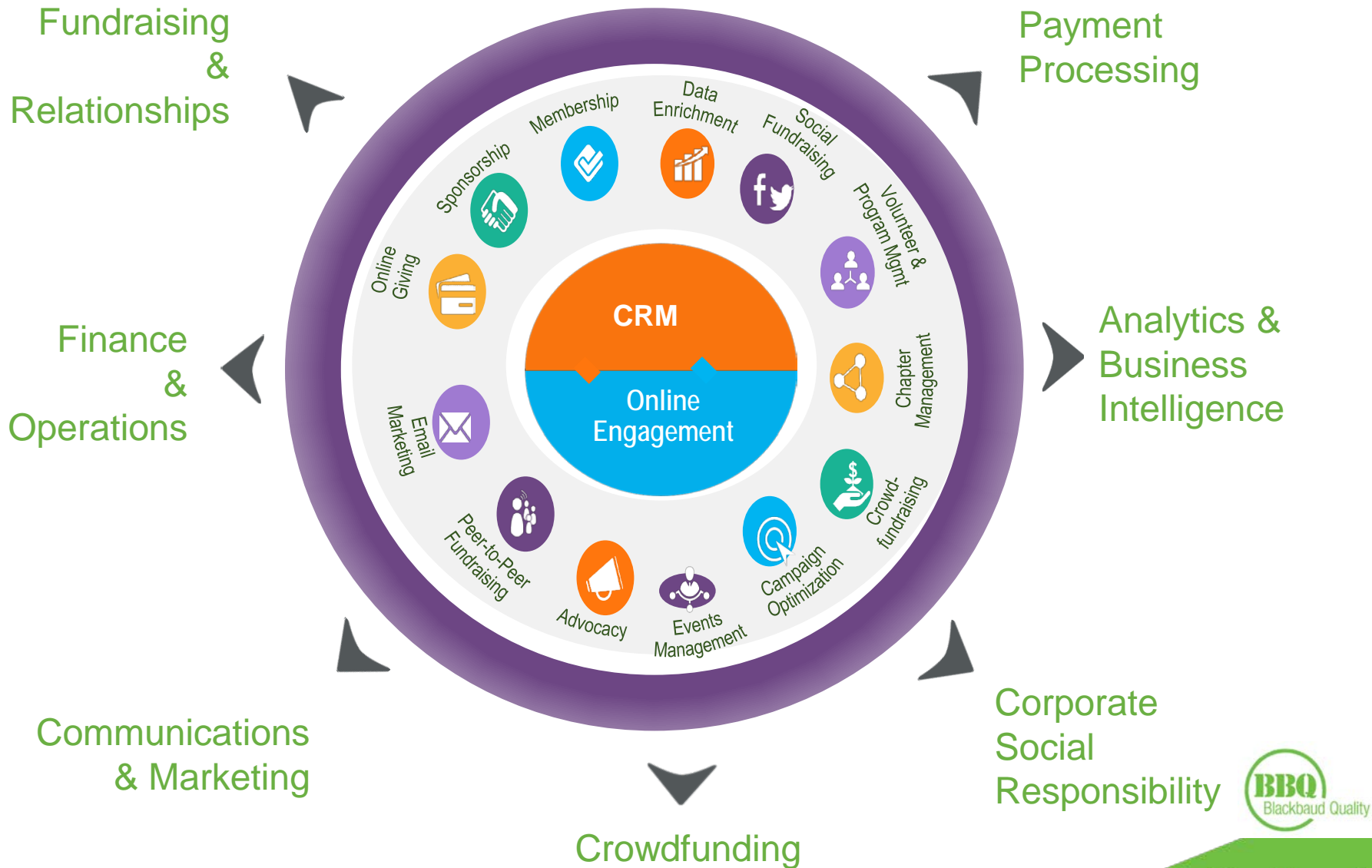
Our History

- Blackbaud was founded in New York City as a one-man start up in 1981 by Tony Bakker.

- Tony wrote a Student Billing program for the Nightingale Bamford School. This all girls school is still our customer to this day!

- Seeing the benefit of services he provided and a growing need in the nonprofit sector, Tony created more solutions for the space including accounting and fundraising.

- Tony named his new company Blackbaud Microsystems, combining the words blackboard (they used these in schools) and "baud", a computing term.

- Now a public company, Blackbaud has served the industry for over 3 decades.

4

Exclusively Serving The Philanthropic Market

➤ A proven market leader with more than 35,000 satisfied customers today

  ➤ Solving for the needs of the philanthropic market for over 30 years

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The Only Complete Solution Offering

Fundraising & Relationships

Payment Processing

Finance & Operations

Analytics & Business Intelligence

Communications & Marketing

Corporate Social Responsibility

Crowdfunding

CRM

Online Engagement

Membership

Data Enrichment

Social Fundraising

Sponsorship

Volunteer & Program Mgmt

Online Giving

Chapter Management

Email Marketing

Crowd-fundraising

Peer-to-Peer Fundraising

Campaign Optimization

Advocacy

Events Management

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Blackbaud by the Numbers

Over 1 billion emails are sent through our systems each year

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Blackbaud's Philosophy: Mike Gianoni, CEO

"It's more important to have associates understand why we get up and go to work everyday. At the end of the day, if you have a healthy culture, if everyone is focused on client success, if your leadership is made up of the right leaders, who have integrity and are building a team that is focused on delighting clients, and our culture reflects decisiveness and an action-orientation, when all that happens, the financials fall into place."

"The financials are at the bottom of that, not the top."

* From "*leading with a noble purpose: How to Create a Tribe of True Believers*" by Lisa Earle McLeod

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5 Principles

10

Blackbaud Leadership Principles

BLACKBAUD LEADERSHIP PRINCIPLES Great leaders….
make it possible **They gather information, make decisions and keep things moving.**
get things done **They have a bias for results.**
keep it real **They are open, honest and do what they say they are going to do**.
make others great They bring people together and help them excel.
bring spirit They remind us to take our work seriously, but not to take ourselves too seriously.
are obsessed with customer success They find direct and indirect ways to delight customers.

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Blackbaud Strategic Themes

- Business Growth
- **Operational Excellence**
- **Quality and Customer Delight**
- Employee Engagement and Leadership
- Financial Performance

Leadership Development: Four content tracks

People Management

Leadership Skills

Business Management

Foundations of Management
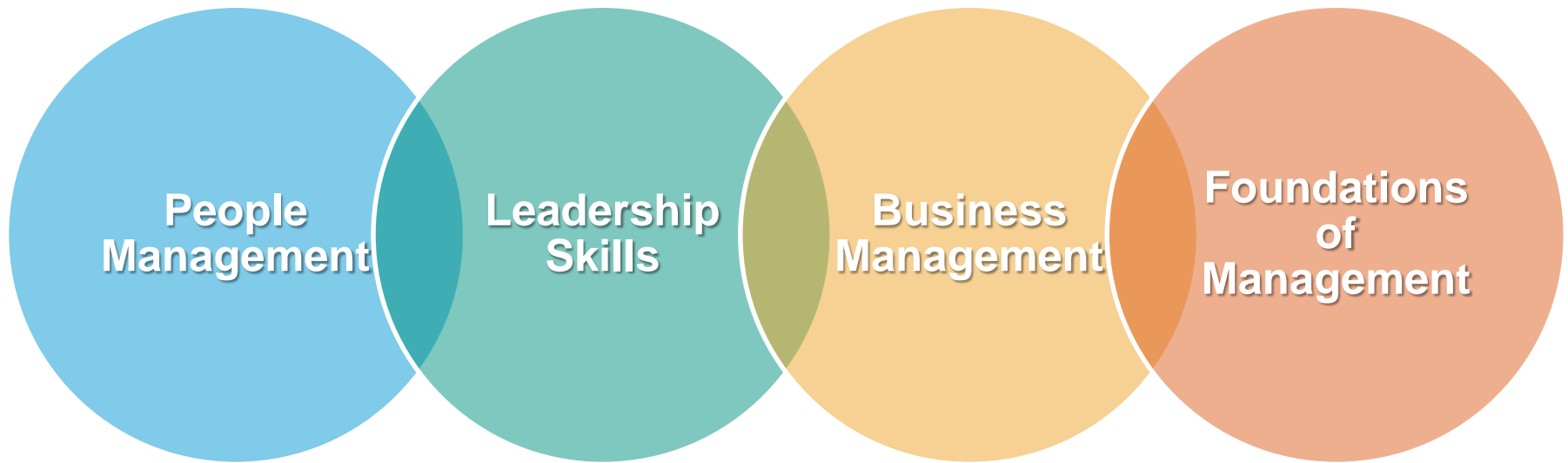
Matrix Management Skills Development Embedded Throughout

The manager's role in continuous improvement and the dual function of work are embedded in the curriculum

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What is Operational Excellence?

Operational Excellence is a strategy that makes quality an integral part of the way business is designed

Goes beyond the quality of products and services, and takes on a broader meaning of maximizing the effectiveness of the business in meeting or exceeding customer value expectations and using continuous improvement to drive business results

It is the total quality of how the business operates as a system

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Operational Excellence: Said another way

An integrated approach to organizational performance management that results in:

- Delivery of ever-improving value to customers
- Improvement of overall organizational effectiveness and capabilities
- Organizational and personal learning

Systems Thinking

To be effective, we must consider all systems and develop a plan that treats performance problems holistically.

System: a whole composed of many parts

Systems Thinking

Systemic unit:

- **has a definable purpose**
- **each part of the system contributes to that purpose**

Each part has its own purpose, but the parts of the system are interdependent.

No part by itself can achieve the purpose

Behavior of each element effects behavior of the whole

A part is understood by seeing how it fits into the system.

Any current situation is the net result of the interaction and interdependence of various factors, forces, and events.

A system cannot be understood by identifying

- each unassembled part
- the entire unassembled collection of parts

To understand a system we must understand

- its purpose
- its interactions
- its interdependencies

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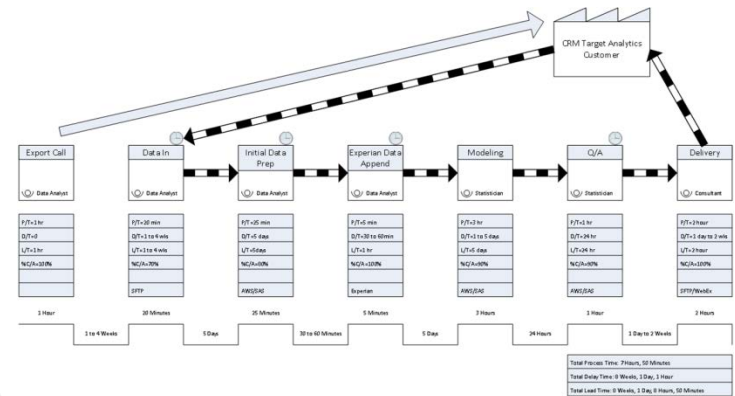
Bicycle System

Leadership
Triad

Results
Triad

STRATEGY

WORKFORCE
FOCUS

LEADERSHIP

RESULTS

CUSTOMER &
MARKET FOCUS

PROCESS
MANAGEMENT

MEASUREMENT, ANALYSIS & KNOWLEDGE MGT.
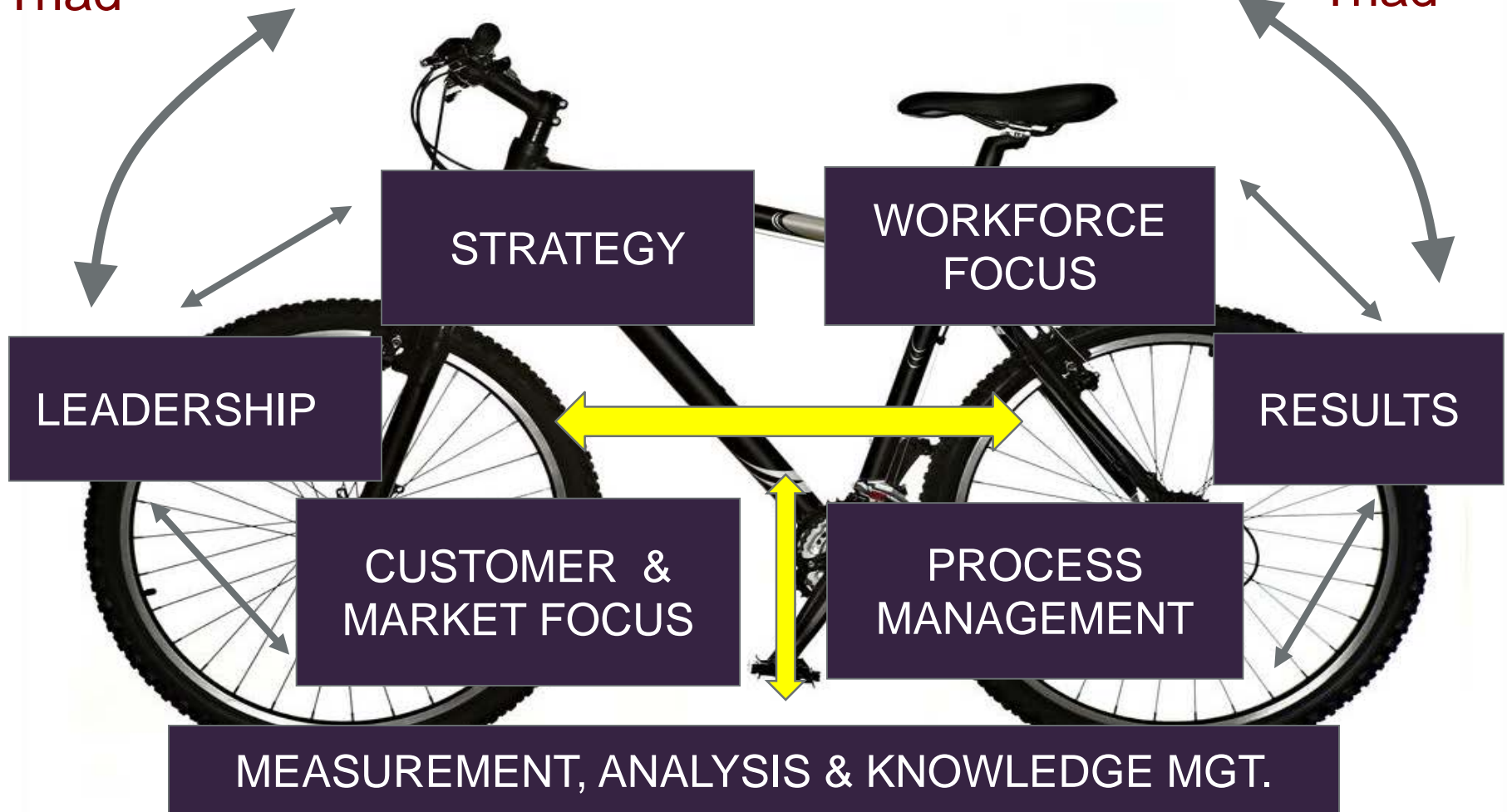
Operational Excellence Framework
A Systems Perspective

Organizational Profile:
Environment,
Relationships, and
Challenges

2
Strategic Planning

5
Workforce Focus

1
Leadership

7
Business Results

3
Customer Focus

6
Operations Focus/Process Management

4
Measurement, Analysis, and Knowledge Management

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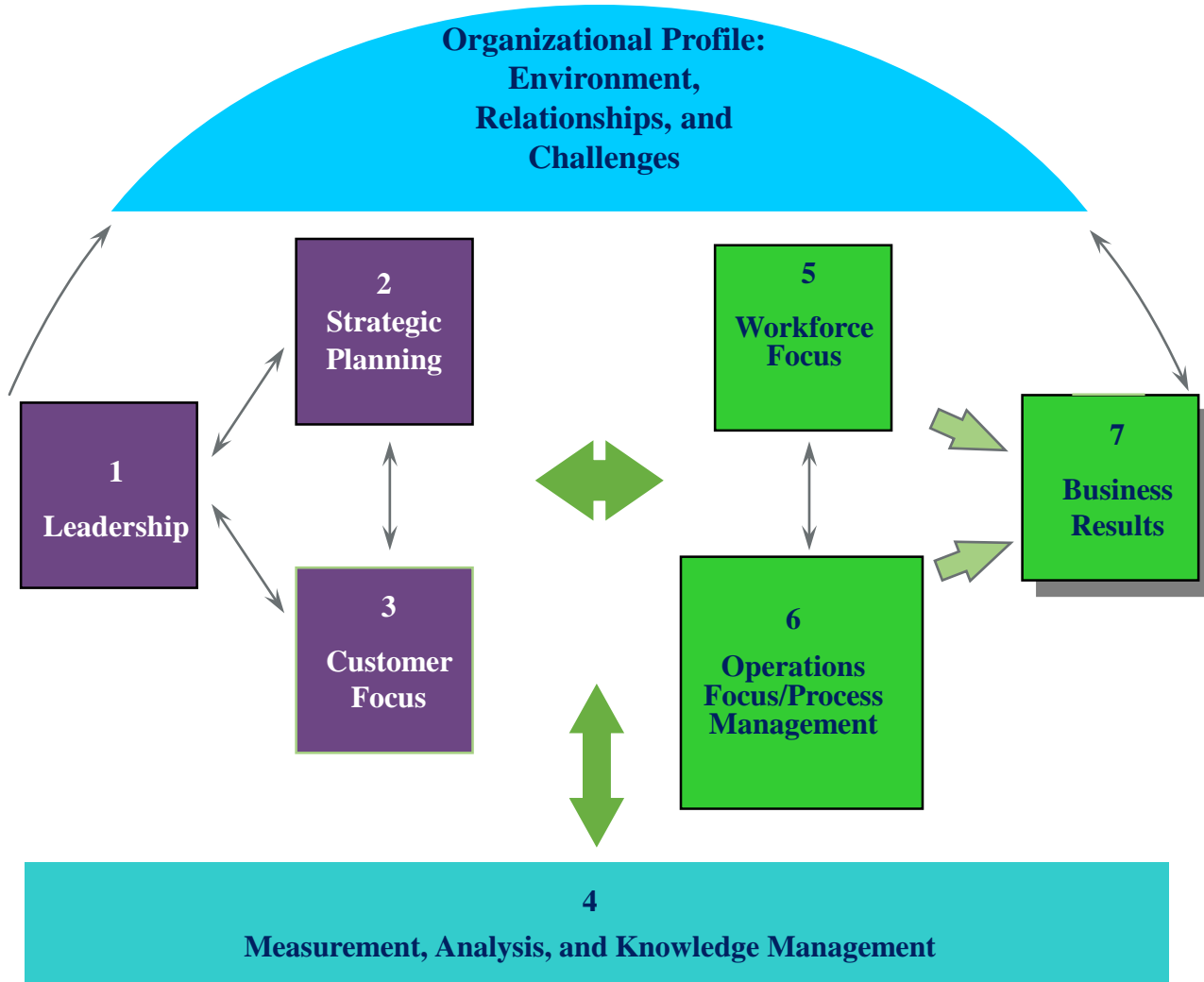
Operational Excellence

The integrated quality methodology system uses the Baldrige Performance Excellence Criteria to develop an overall performance map to identify areas that are strong and those that need improvement; then uses Six Sigma, Lean, or both tools to design products, services and processes or improve processes within the organization; and uses CMMi and ITIL and other industry best practices to standardize and set vision.
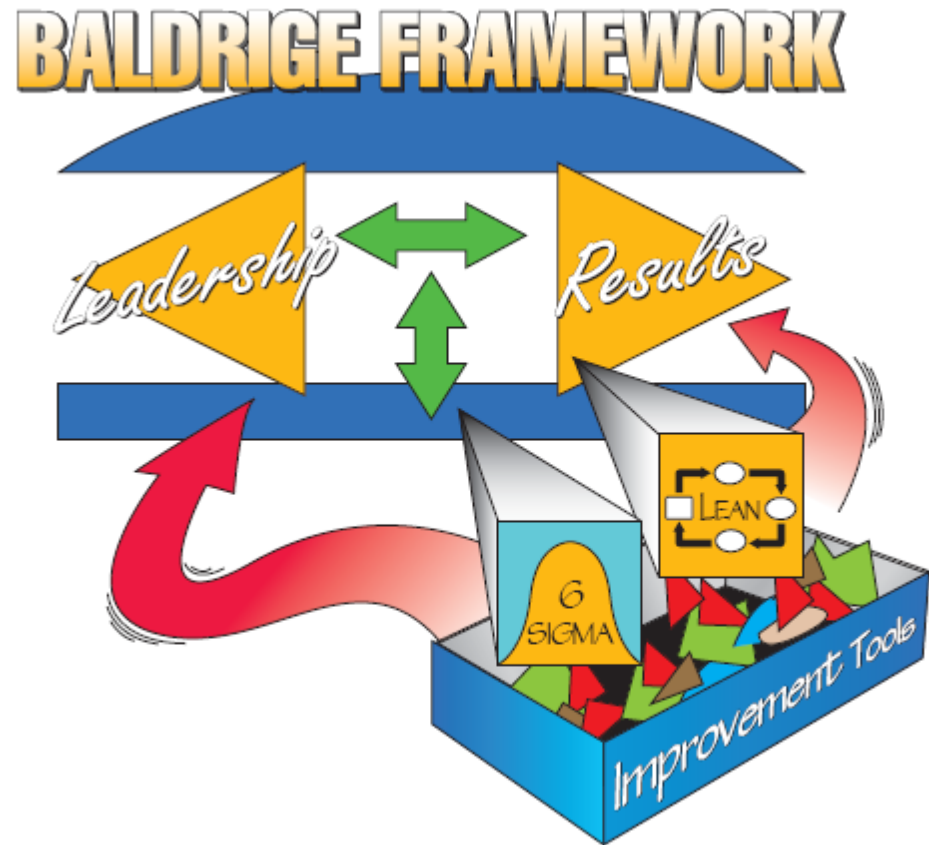
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Blackbaud Quality (BBQ) Themes

Customer Centric

Process Focused

Data Driven
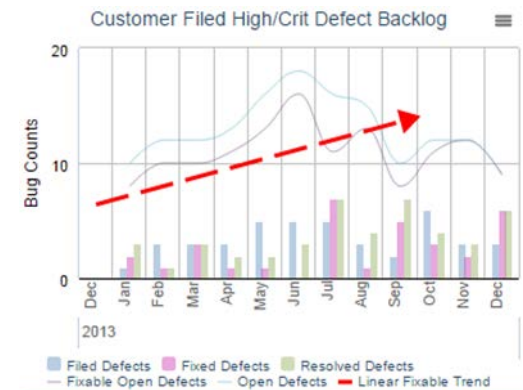
Customer-Centric

Simply put, the Net Promoter Score (NPS) is the resulting calculation from responses to the "likelihood to recommend" question

On a scale of 1-10, how likely are you to recommend [Blackbaud] to friends and colleagues?

0	1	2	3	4	5	6	7	8	9	10
Detractors							Passives		Promoters	

Unhappy customers who can damage your brand and impede growth through negative word-of-mouth

Satisfied but unenthusiastic customers who are vulnerable to competitive offerings

Loyal enthusiasts who will keep buying and refer others, fueling growth

NPS = % Promoters - % Detractors

Process Focused

- Every product or service is the outcome of a process
- The effective way to improve quality is to improve the process used to build the product, design the software, or provide the service
  - The focus is not on results
    - Results are the dependent variable
  - Objectives alone cannot produce sustainable results
  - The value of objectives is to help decide what process needs to be put in place to produce desired results
  - The focus is on the drivers of the results in the process

Management by Process

- Consists of realizing that results come from process

- Building a process to produce the desired results (value stream)

- Implementing and measuring the process so we can figure out why it produced the results it did

- Feeding this insight back into the process to improve the process the next time it is used

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The Voice of the Process

The structure of aggregate long term data can represent the Voice of the Process

10

processing
time

(minutes)

0

Plotted Observations

Variability

Central
Tendency

Aggregate Observations
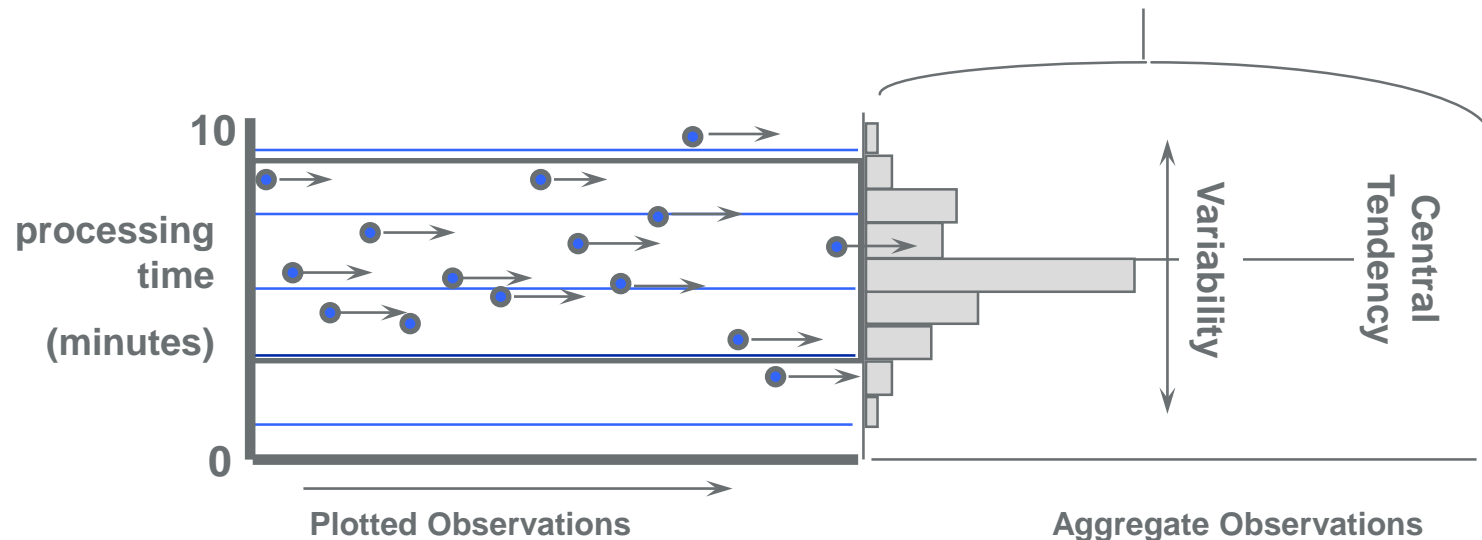
Tally of observations at each measured value

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Process Capability

The <u>customer</u> determines the desired process output ...
(upper and lower specification limits [USL, LSL] and target)

Voice of the Customer

LSL   Target   USL

Desired process output

Voice of the Process

Actual process output

1 2 3 4 5 6 7 8 9
processing time (minutes)

The <u>process used</u> determines the actual process output
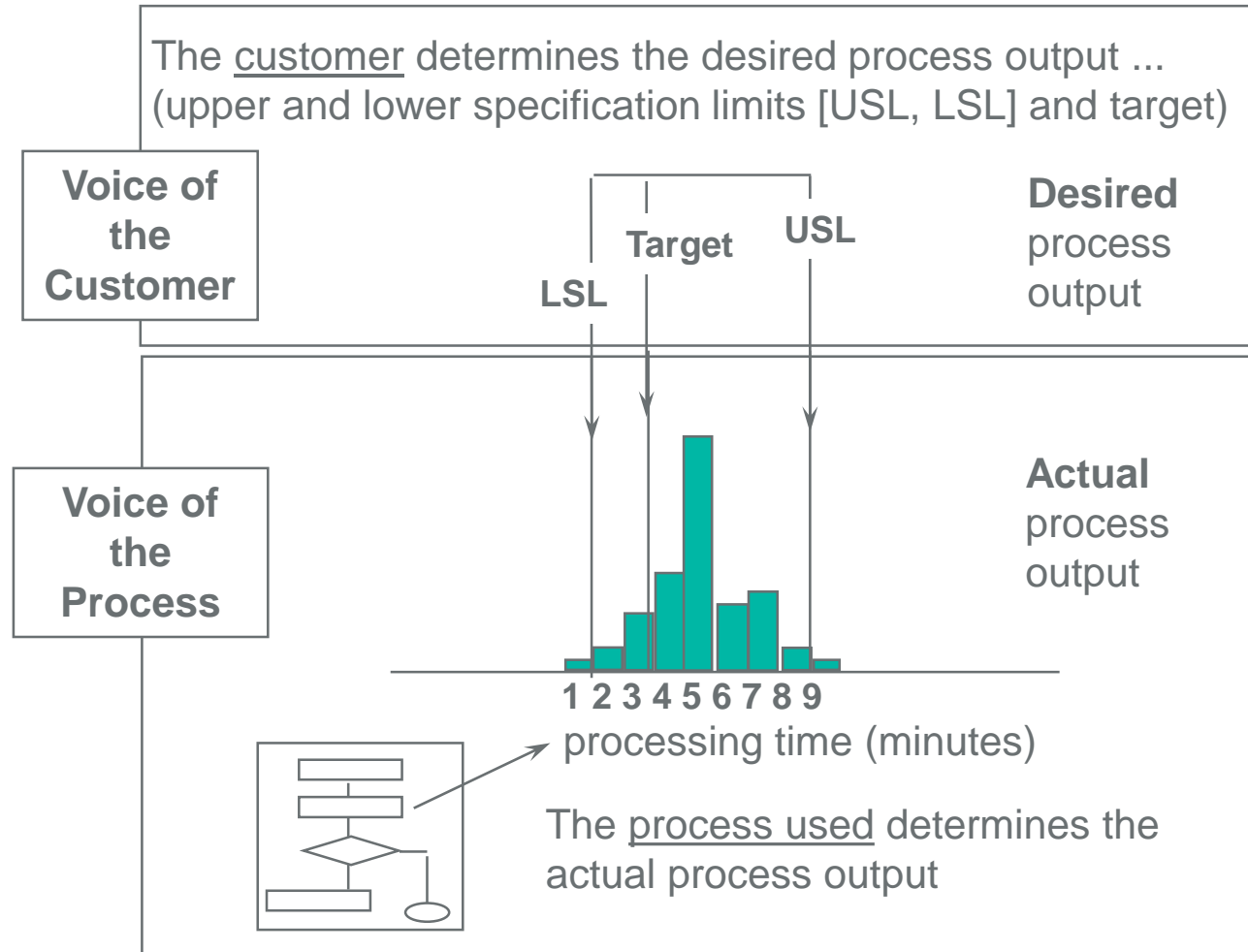
Understanding Process Capability

Voice of the Customer

LSL Target **USL**

LSL Target **USL**

1 2 3 4 5 6 7 8 9
processing time (min.)

1 2 3 4 5 6 7 8 9
processing time (min.)

Voice of the Process

A

B
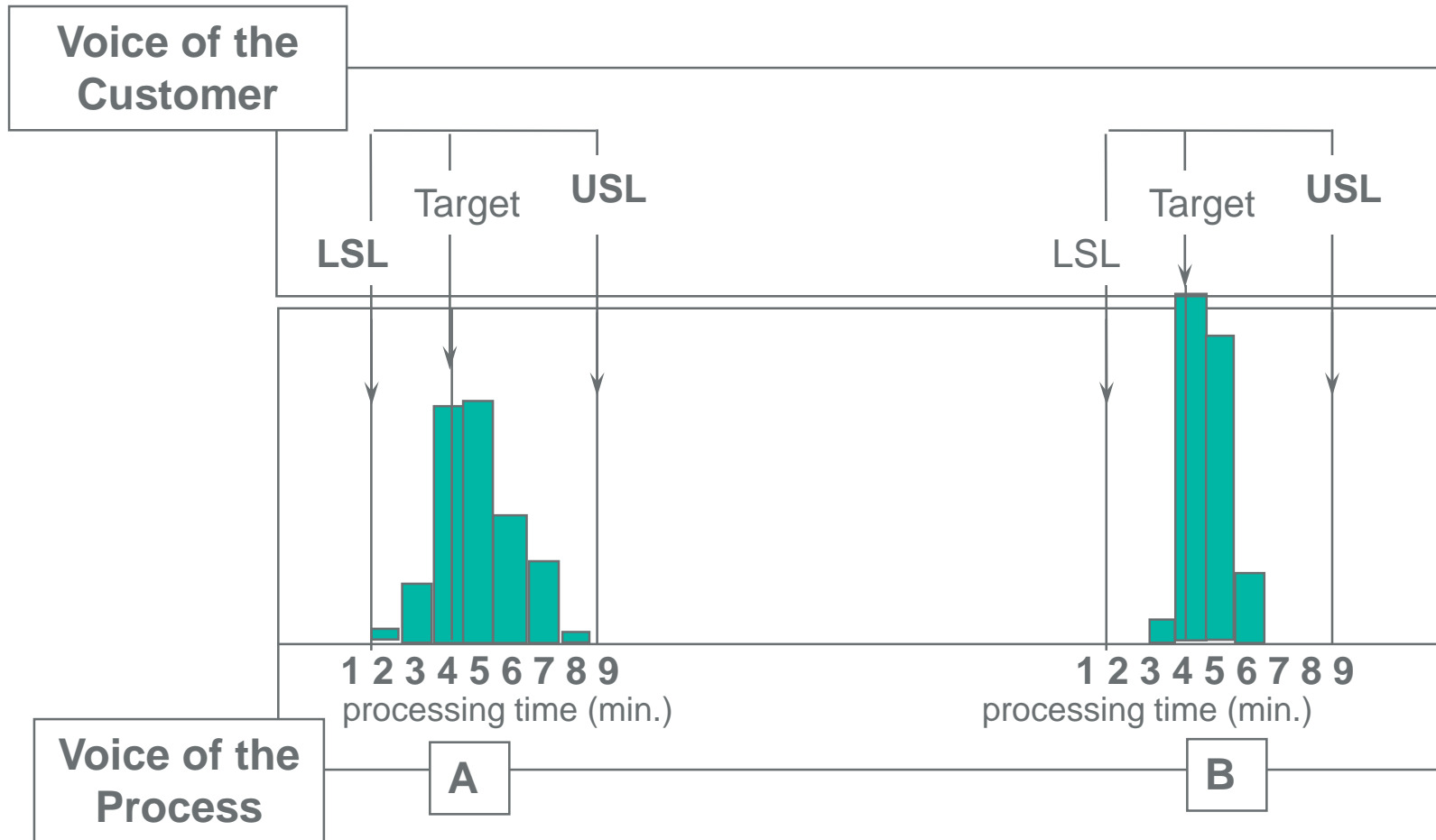
What advantages are enjoyed by process B ?

Process Control Supports Improvements in Process Capability
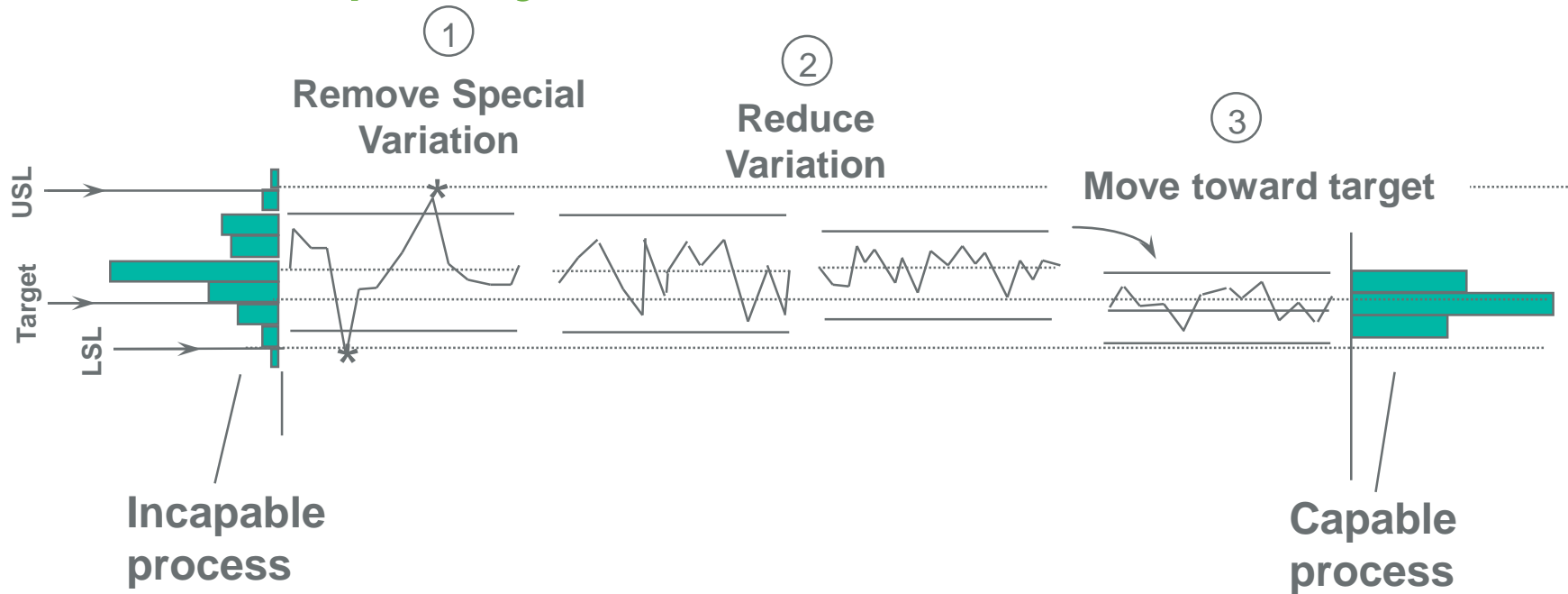
Process control reduces the risks of:
- Tampering
- Failing to detect meaningful patterns in process variation

Data Driven
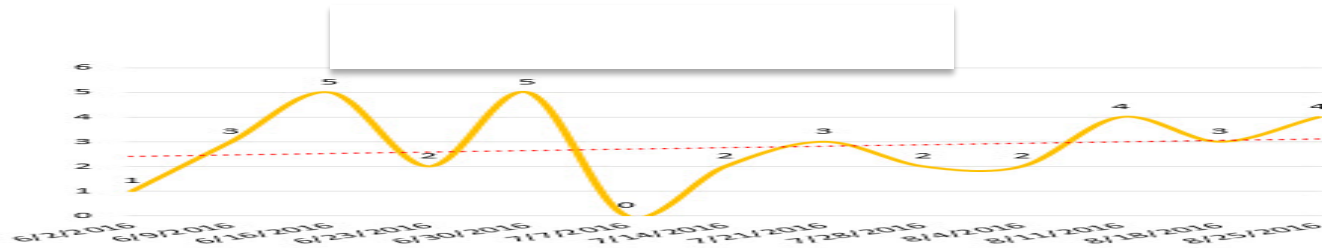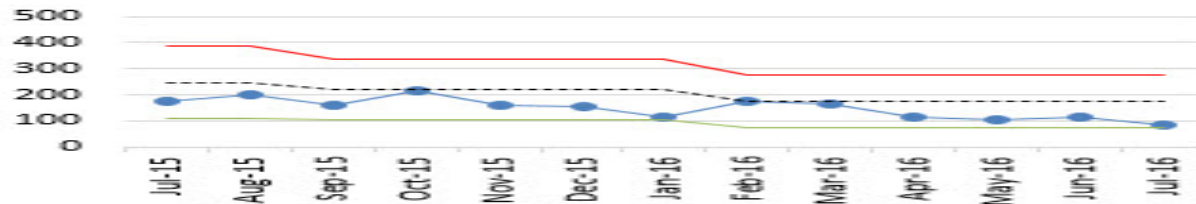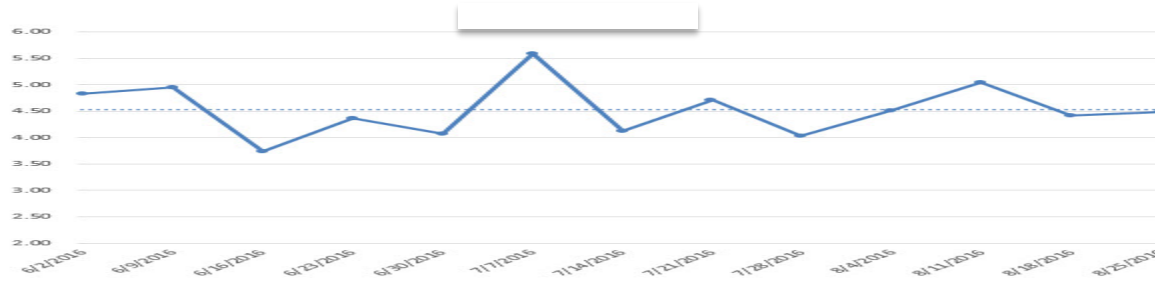
Process Management Overview

PROCESS DISCOVERY
UNDERSTAND THE CUSTOMER AND THE PROCESS

PROCESS CONTROL
ASSESSING PROCESS PERFORMANCE

IMPROVEMENT
Six Sigma DMAIC/Lean

1. Define
2. Measure
3. Analyze
4. Improve

5. Control

Kaizen / Lean

- Who are the customers ?
- What are our products and services ?
- What are the requirements ?
- What is the process map ?
- How is our process performing ?

- Does the standardized process continuously perform as expected?
- What action is warranted by careful checking of process data ?
  - Continue with the next SDCA
  - Initiate PDCA to find and remove root cause

- What actions are needed to improve my process?
- Identify the largest source of variation in standard process.
- Find and eliminate a root cause of variation.
- Define new standard process.

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Improvement as a Problem Solving Process

Continuous improvement = **Systematic improvement** + **Iterative improvement**
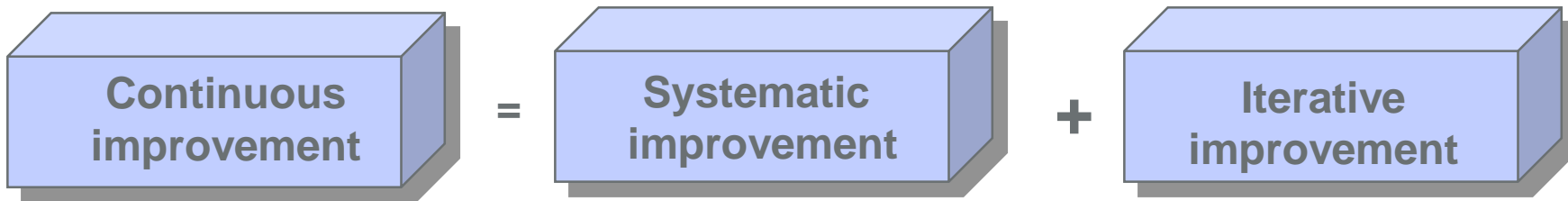
"The heart of improvement is problem solving"

Professor Shiba

BBQ Strategic Approach
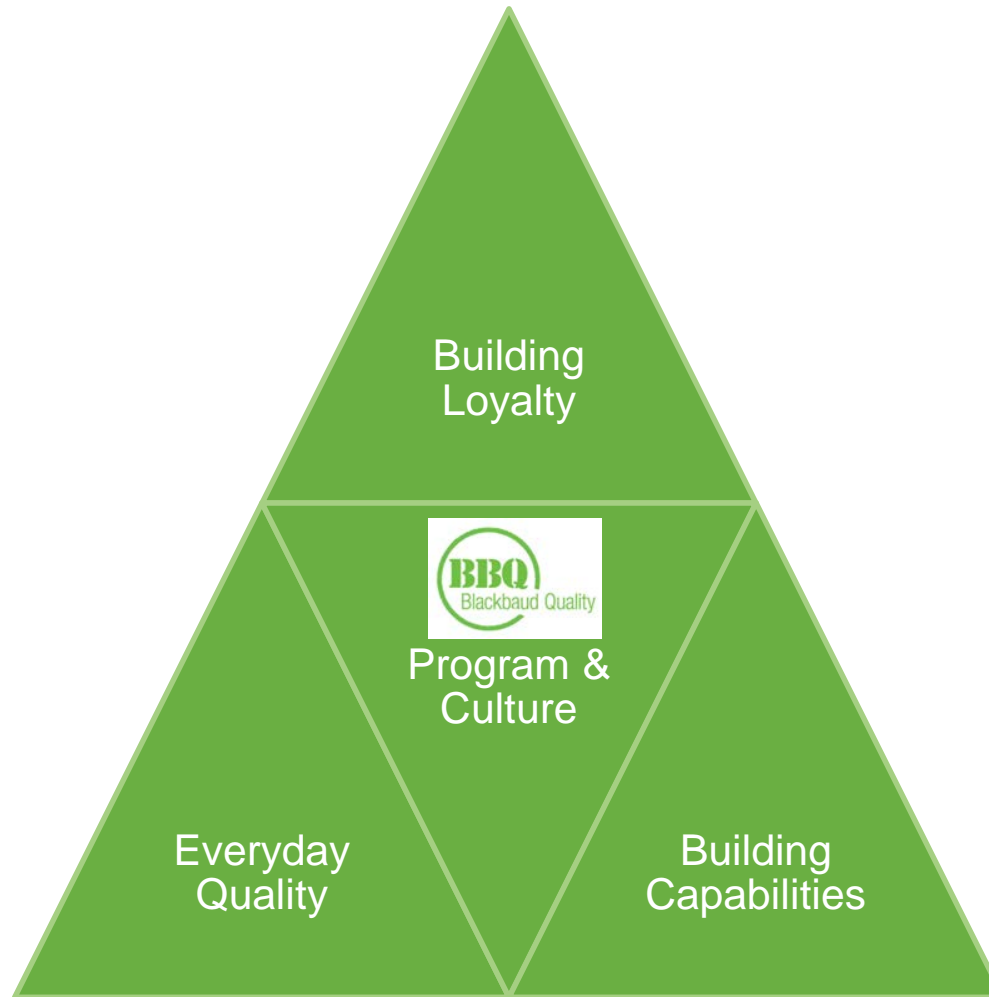
BBQ Approach

The Foundation

Everyday Quality – what we do and how we do it
- Education
- Enablement

Building Capabilities – for key processes which drive business success
- Assessment & Prioritization
- Strategic Capability Initiatives

Tying it together

Blackbaud Quality (BBQ) – Program and Culture – the vehicle for execution & change
- Structure
- Visibility
- Change Management

The Why

Building Loyalty – the primary metric
- Taking Action
- Moving the Needle
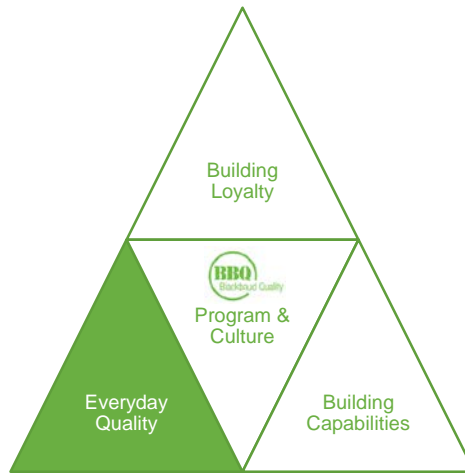
Everyday Quality
what we do and how we do it

Everyday Quality
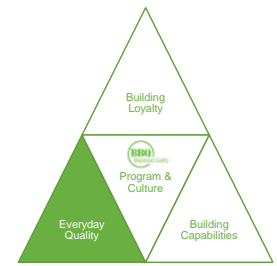
Education and Training

- Designed to provide the organization with the knowledge and skills to successfully identify improvement opportunities, prioritize them, analyze them, solve them, and sustain the gains
  - Tailored to level of employee in organization
    - Executive Leadership Team
    - Global Management Team
    - Managers
    - All Associates
  - Modules and Offerings
    - Lean/Quality/Six Sigma Leadership Overview
    - BBQ 101
    - Lean Practitioner Training
    - Root Cause Analysis
    - Root Cause Analysis for Managers
    - Six Sigma Green Belt
    - Lean Six Sigma Yellow Belt
    - Various Tools Tailgates Focus Areas
    - Quantifying Benefits

Consistency with DMAIC in All We Do

Lean, Six Sigma, Root Cause Analysis

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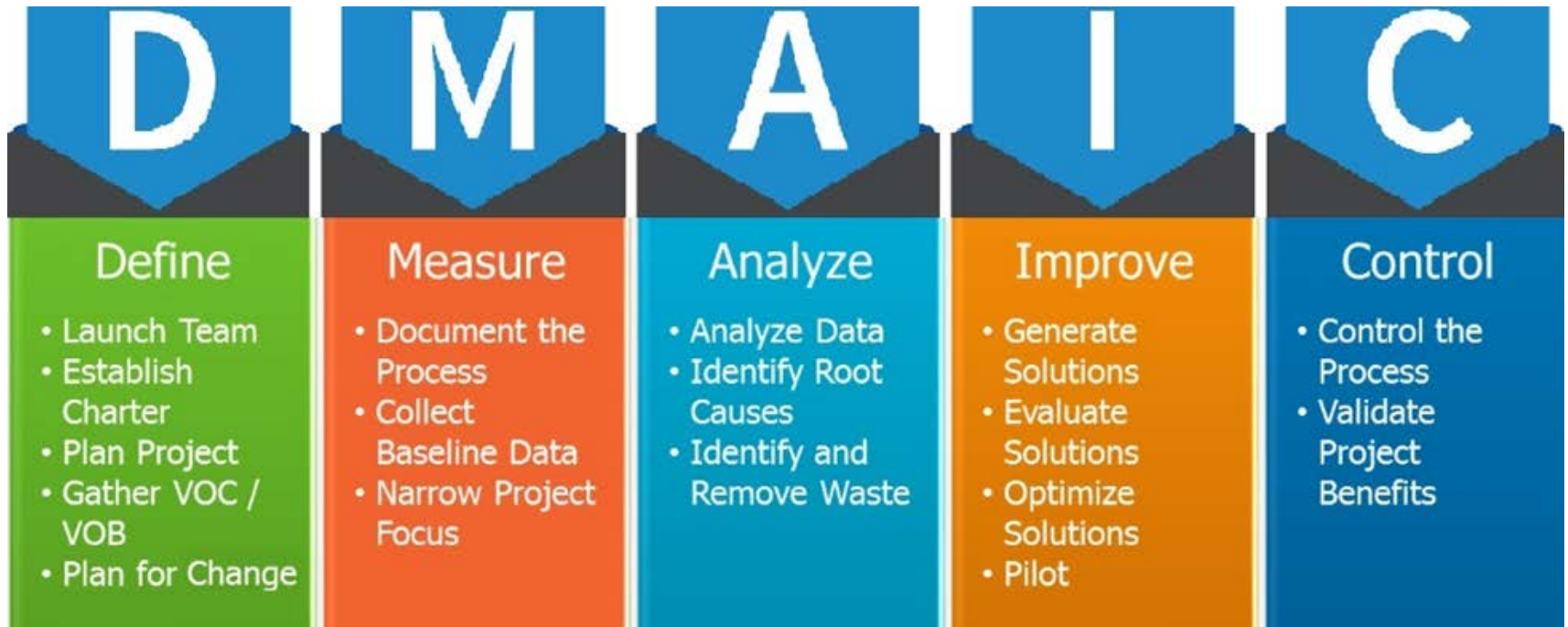
What is Your Learning Style?

Visual

- Remember what was read or seen
- May think in pictures
- Facial expressions show their emotions
- List-makers
- Avid readers
- Note-takers

Auditory

- Remember what they hear
- Remember names but forget faces
- Distracted by noise
- Talk while they write
- May be a sophisticated speaker

Tactile

- Remember what was done
- Not avid readers
- Love games
- Somewhat impulsive
- Like to dress comfortably
- Learn by imitation and practice

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What do you Blend?

Classroom	Online learning
Live, collaborative	Self-Paced
Structured	Unstructured learning
Custom content	Off-the-shelf content
Practice & Projects	Learning
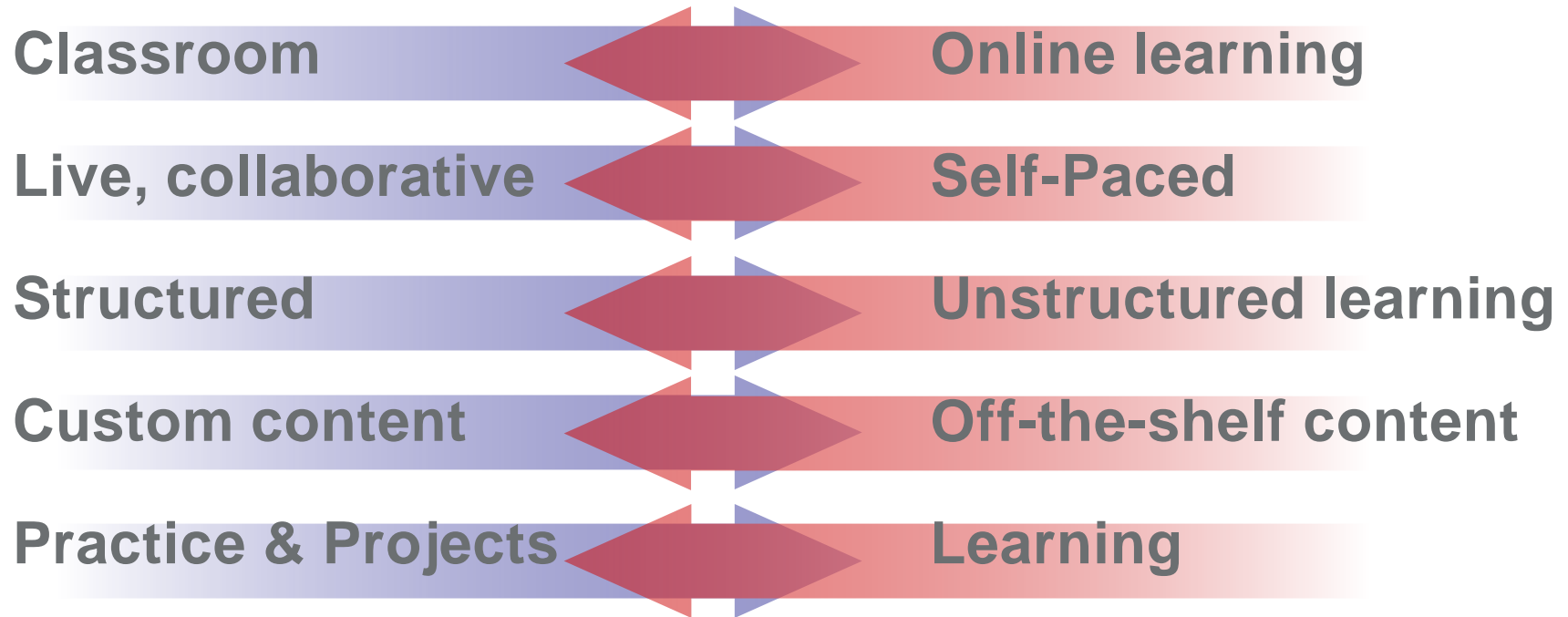
Multiple Levels of Learning

Information + Commentary ⇒ Knowledge

Knowledge + Feedback ⇒ Understanding

Understanding + Use ⇒ Skill
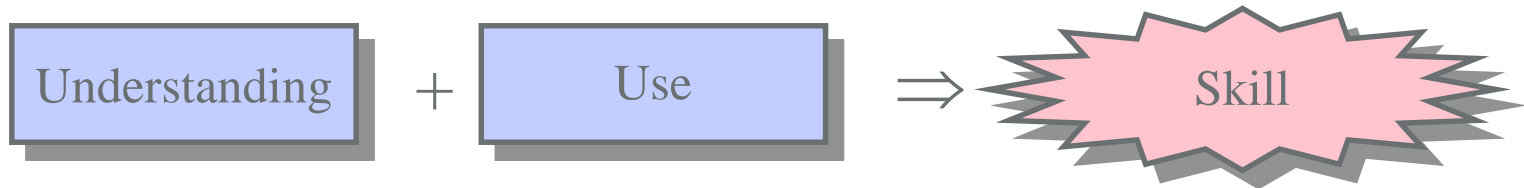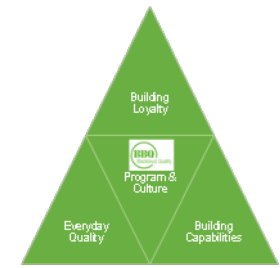
"Tell me and I will forget, show me and I may remember, involve me and I'll understand." –Chinese Proverb

Two Powerful BBQ Business Improvement Approaches

Lean
Speed+Low Cost

Goal**- Reduce waste and increase process speed**

Focus**- Identify and remove non-value added steps and cause of delay**

Method**- Kaizen events**

Lean Speed Enables Six Sigma Quality

(Faster Cycles of Experimentation/learning)

Six Sigma
Variation+Quality

Goal**- Improve performance on Critical Customer Requirements**

Focus**- Use DMAIC with Quality tools to eliminate variation/ improve levels**

Method**- Management engagement, dedicated Black Belt resources, Green Belts**

Six Sigma Quality Enables Lean Speed

(Fewer Defects Means Less Time Spent on Rework)

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Lead with Lean;
Follow with Six Sigma

Waiting

Inventory / Queues

Defects/ Rework

Transport

Motion

Over- Processing

Over- Producing

Underutilized Skills

Waste

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Something to help you remember….
"Down Time"

D = Defects

O = Over-production

W = Waiting

N = Non-utilized people

T = Transportation

I = Inventory

M = Motion

E = Extra-processing

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The Basic Tools

CHECKSHEET

A	xxx
B	xxxxxxxxxx
C	xx
D	xxxxx
E	xxxxxxxx

PARETO DIAGRAM
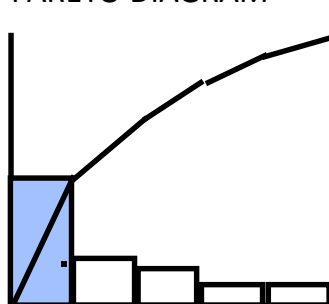
CAUSE & EFFECT DIAGRAM
ISHIKAWA

(Fishbone Diagram)

CONTROL CHART
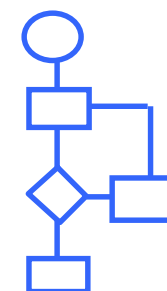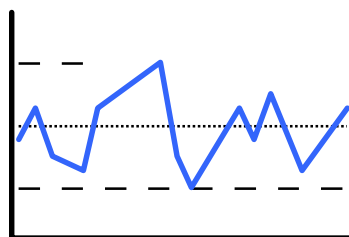
FLOWCHART

GRAPH
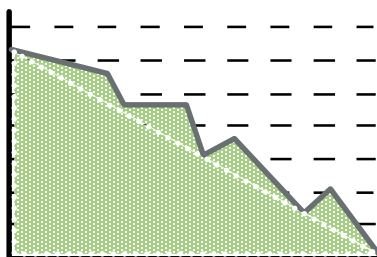
HISTOGRAM

SCATTER DIAGRAM

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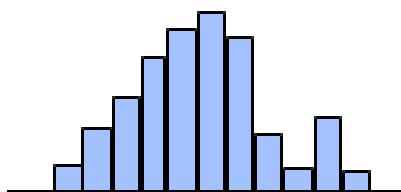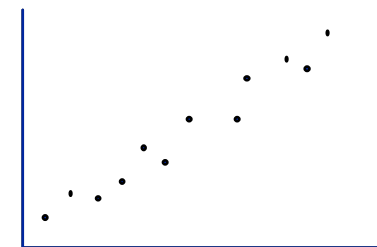
Lean is focused on the elimination of all nonvalue-adding activities and waste from the organization's processes.

Waste includes
- Scrap
- Rework
- Inspection
- Inventory
- Queuing time
- Transporting materials or products
- Redundant motion
- Anything for which a final customer would not want to pay

Customer-defined value

Map and understand value stream

Make value stream flow

Continuous process improvement

Goals:
- Increase productivity
- Eliminate waste
- Maximize resource utilization

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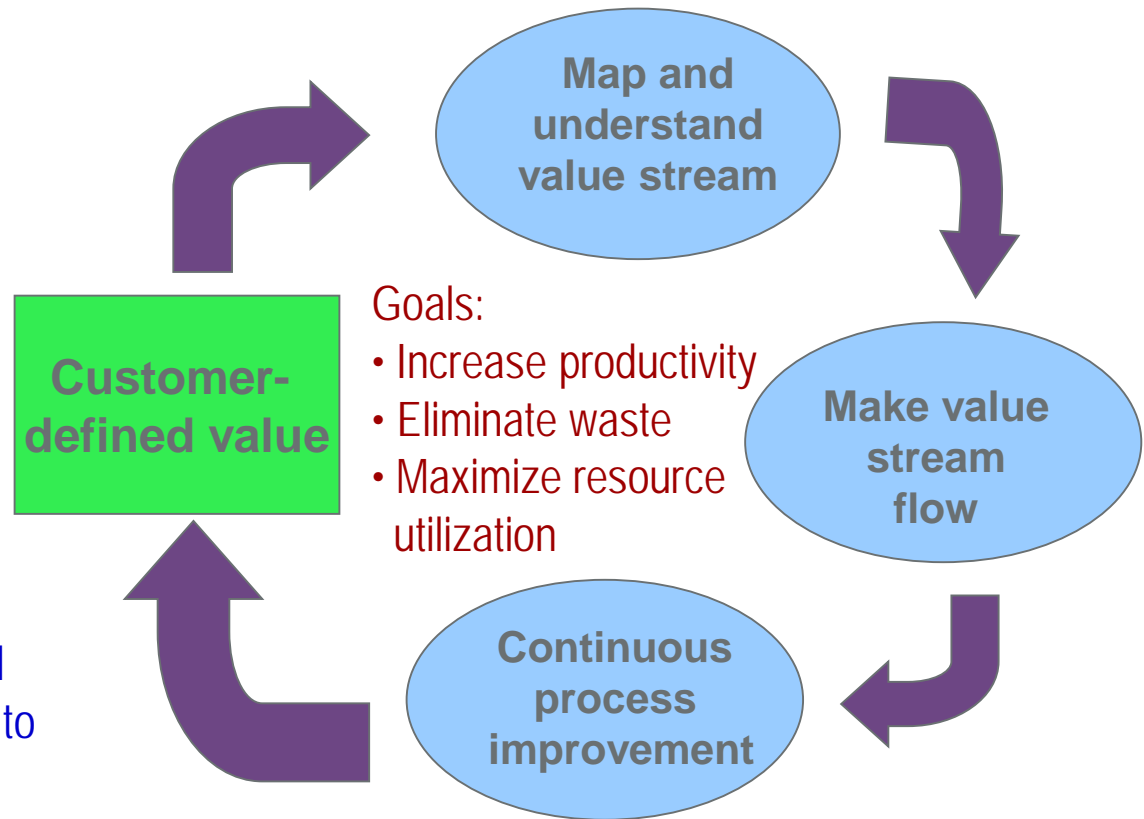
Value Added Activities

Something the customer is willing to pay for!

Transform raw material or information to meet customer requirements. Transforms form, fit, or function.

Done right the first time.

$$\$\$\$$$

Value-Stream Map Zones

Supplier

Customer

Information flow

Claim

Additional Info.

Process boxes

Receive & Arrange Documents		Review Policy Information		Verify Claim		Calculate Payment		Print & Mail Check
Manual	7 days	InsPro	7 days	Phone/Fax		Manual	5 days	FinSys

Process data boxes (w/metrics)

P/T = 2 min.	P/T = 5 min.	P/T = 60 min.	P/T = 5 min.	P/T = 3 min.
D/T = 0	L/T = 0–5 days	L/T = 2–10 days	D/T = 0	D/T = 0
%C/A = 99%	%C/A = 80%	%C/A = 50%	%C/A = 100%	%C/A = 75%
Bob's Avail = 20%	Ann's Avail = 20%	Eric's Avail = 50%	Ann's Avail = 20%	Bob's Avail = 25%

Timeline & Summary Statistics (value stream metrics)

P/T	2 min.	5 min.	60 min.	5 min.	3 min.
L/T					
%C/A	99%	80%	50%	99%	75%

Customer Requirements: Claim check in 2–3 days

Supplier Input: 13 claims per day

Current State Value Stream Map

Current State Value Stream Map
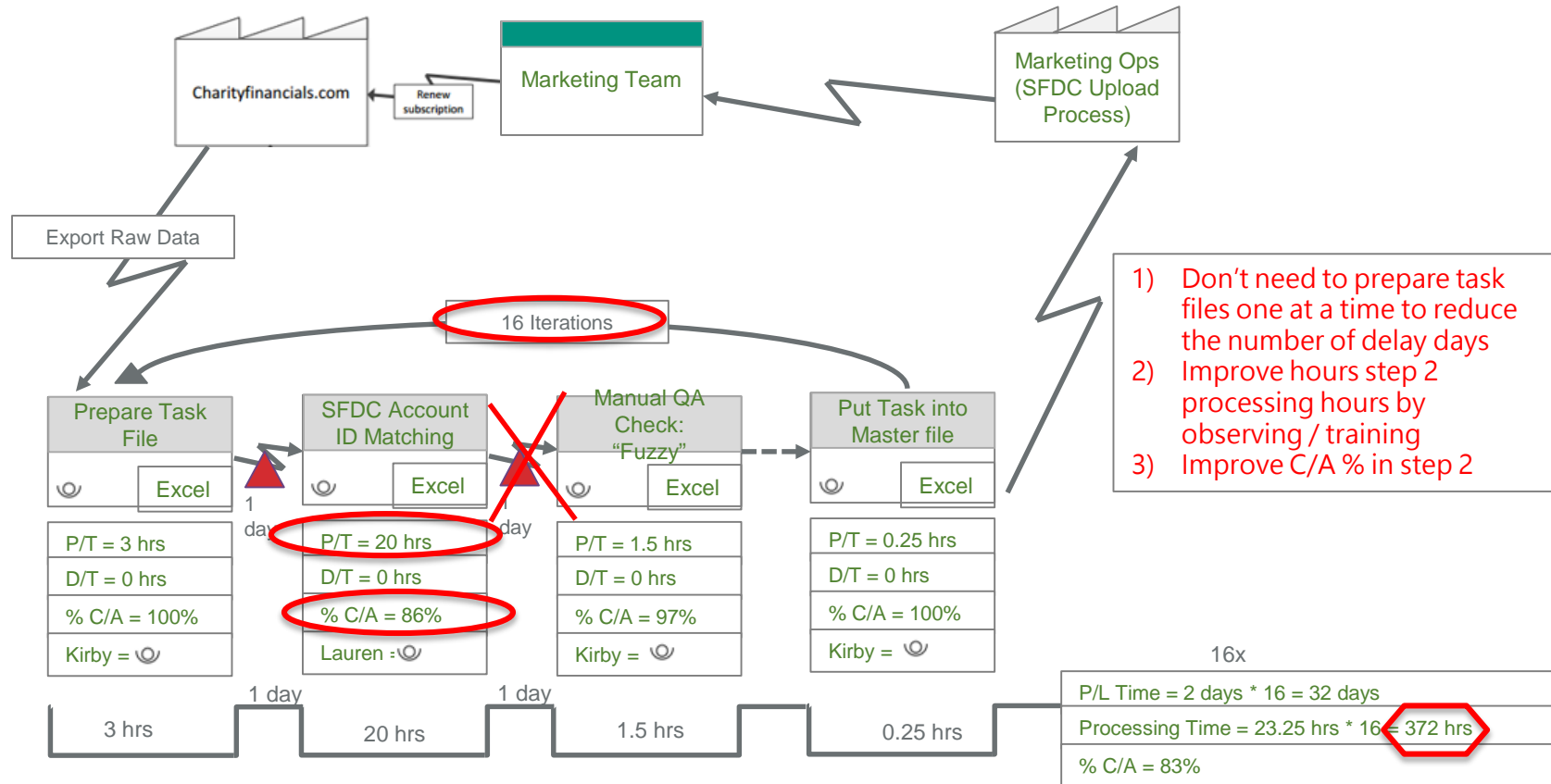
Future State Value Stream Map

A3
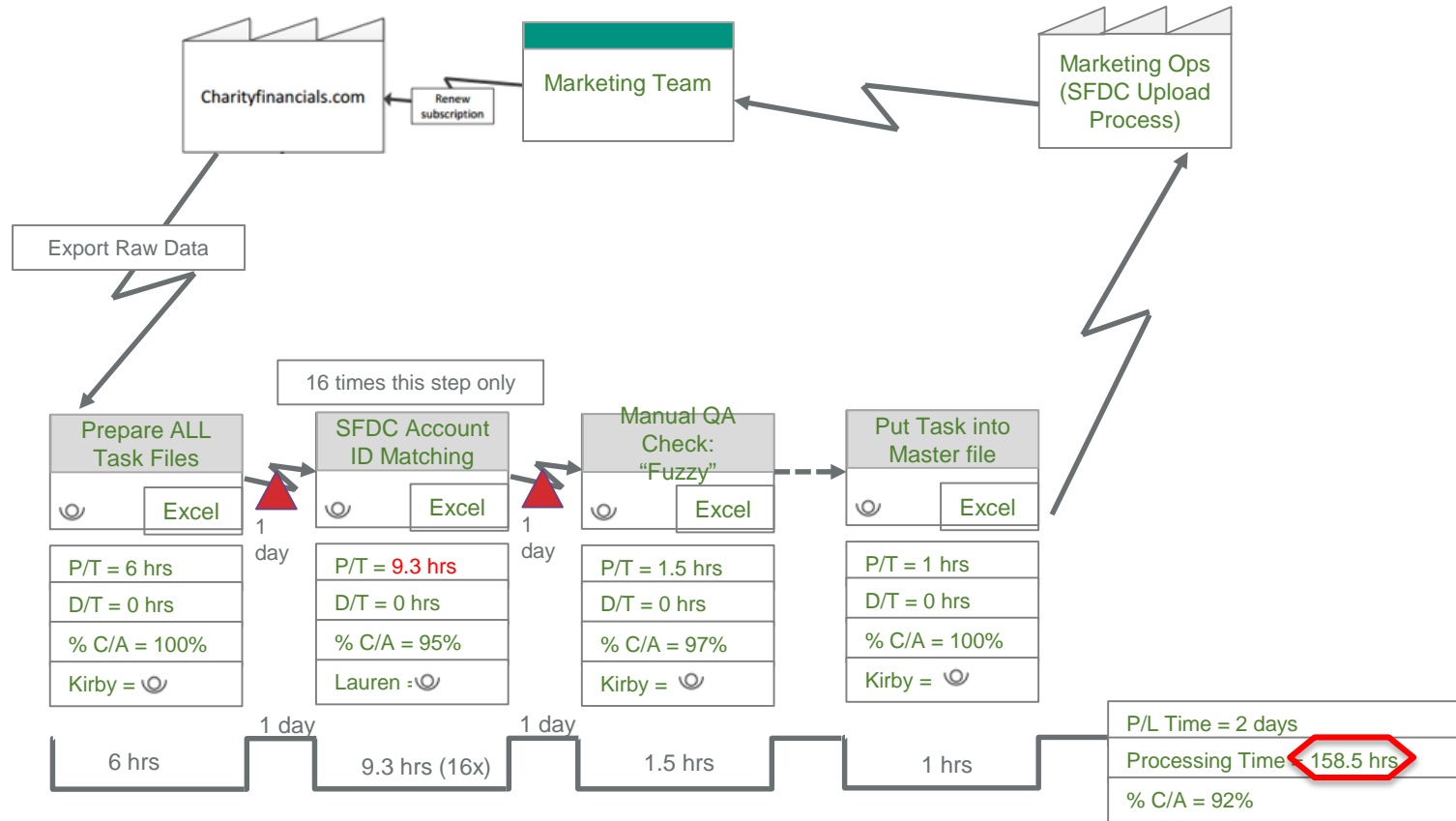
Title; What are we talking about?

Owner/Date

I. Background

Why *are* you talking about it?

II. Current Conditions

Where do things stand today?

- *Show* visually using charts, graphs, drawings, maps, etc.

What is the problem?

III. *Goals/Targets*

What specific *outcomes are* required?

IV. Analysis

What is the root cause(s) of the problem?

- *Choose* the simplest problem-analysis tool that clearly shows the *cause-and-effect* relationship.

V. Proposed Countermeasures

What is *your* proposal to reach the future state, the target condition?

How will your *recommended countermeasures* affect the root cause to *achieve* the target?

I. Plan

What activities will be required for implementation and who will *be* responsible for what and when?

What are the indicators of performance *or* progress?

- Incorporate a Gantt chart or similar diagram that shows actions/outcomes, timeline, and responsibilities. May include details on specific means of implementation.

VII.Followup

What issues can *be* anticipated? Ensure ongoing PDCA. Capture and share learning.

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A3 Diagram : Data Health

Background

IBU currently does not have a resource owner of data health and was not plugged into the corporate wide data health initiative. Outdated data, missing data, and lack of process cause sales reps and ADR team to spend excessive time researching financial and contact data as well as creates a general lack of confidence in salesforce.

Current Conditions

Field is filled in:	Count	% of Total
EIN	24254	40%
Industry	30127	50%
Division	14320	24%
Industry & Division	13608	23%
Affiliation	4325	7%
Total Revenue	47877	79%
Mass updated in last year	25240	42%
Total Contributions	43945	73%
Mass updated in last year	25262	42%

Actual Current State Value Stream Map
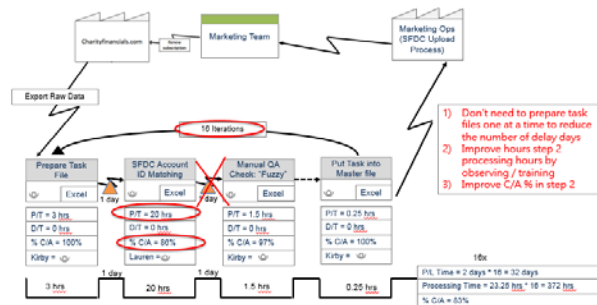
Many fields are blank or outdated; process to update requires manual mapping of source data to SFDC; made difficult by lack of EINs

Goals / Targets

Define teams and goals involved in Data Health in IBU
Reduce time for SFDC Mapping by at least 2 hour per task
Determine ways to *remove* delay days
Improve % complete and accurate by 10%

Analysis

Causes of Updating SFDC Taking Too Long

Request Type	IBU	IBU-BBP	% of Total
New Account Request	246	0	35%
Inactivate/Obsolete (Account)	1	0	0%
Return/Exchange (CADJ) Troubleshooting	1	0	0%
Update Account/Opportunity/Split Ownership	101	1	14%
Misc.	1	0	0%
Update Account/Opportunity Data	40	0	6%
Update Account Data	158	0	22%
Duplicate Merge Account	87	0	12%
Update Contact Data	5	0	1%
Duplicate Merge Contact	8	0	1%
Inactivate / Obsolete	54	0	8%
Order Form Edits	3	1	
	705		

Proposed Countermeasures

Suspected Cause	Task	Status
1) Lack of ownership / RACI	Develop RACI	Complete
2) Very manual process until EIN is filled	Hire intern to map SFDC IDs to source file	Complete & ongoing
3) Lack of defined health priorities	Define data health priorities in Kaizen	Complete & ongoing

Next Steps

- Develop deadlines for each items
- Schedule quarterly checkins

Kaizen Methodology

Step 1

Conceptual training on:

- **Lean**
- **Business Process Kaizen**
- **Kaizen Method**

Develop Current State Process Map

Analyze

Step 2

Measure & Analyze Current Work Process

- **Formulate Process Improvements**

Begin Development of Future State Map

Step 3

Develop Future State Map

Calculate Expected Gains

Evaluate Improvements

Establish New Process

Report Out
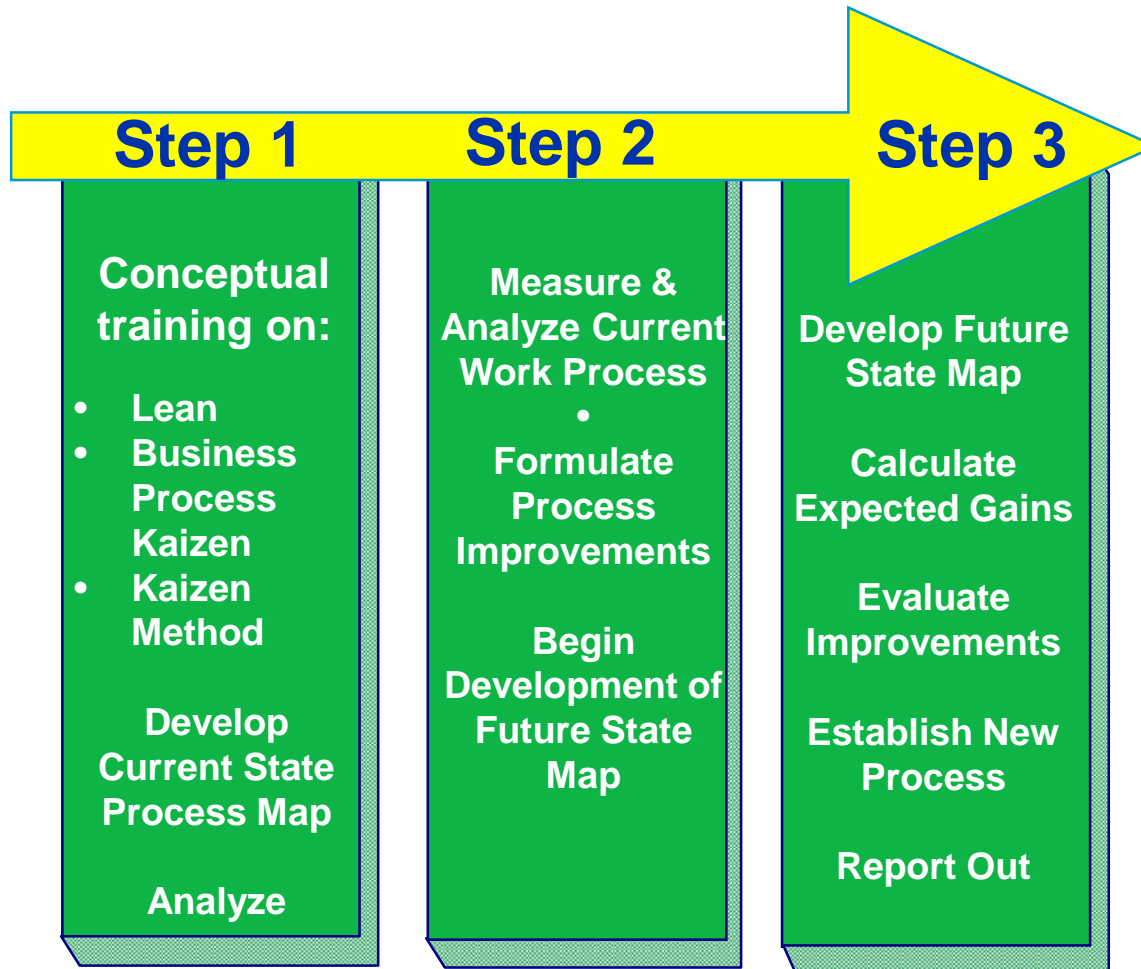
Make the Process Visible

Prioritization Matrix

High/Low

DO!

High/High

Parking Lot

Low/Low

Maybe Do

Low/High

Don't Do!
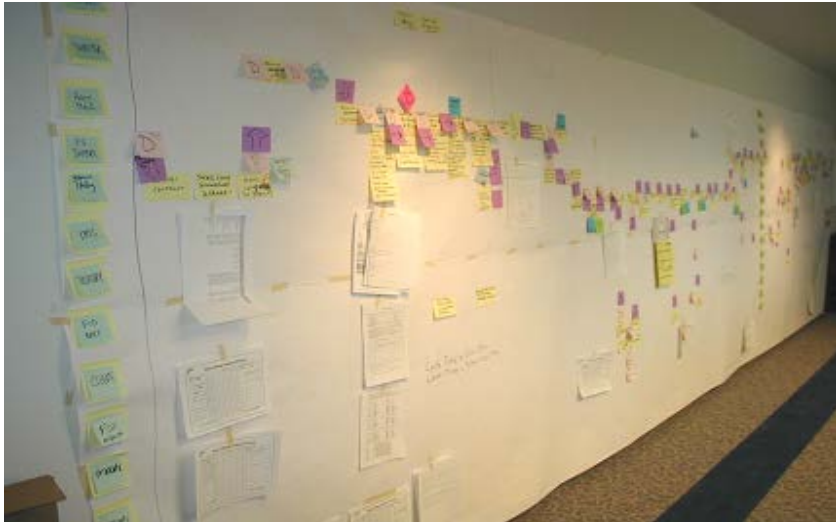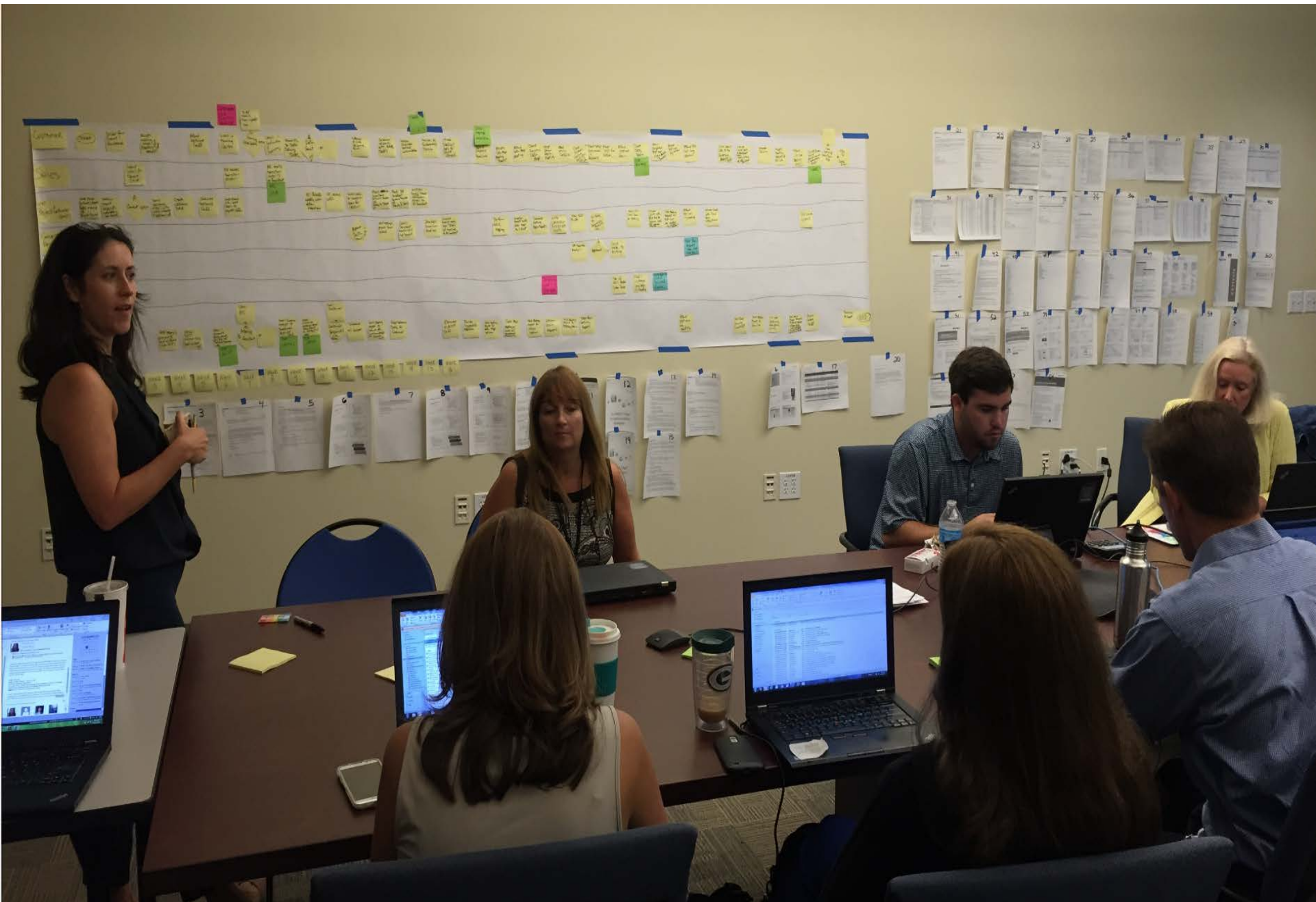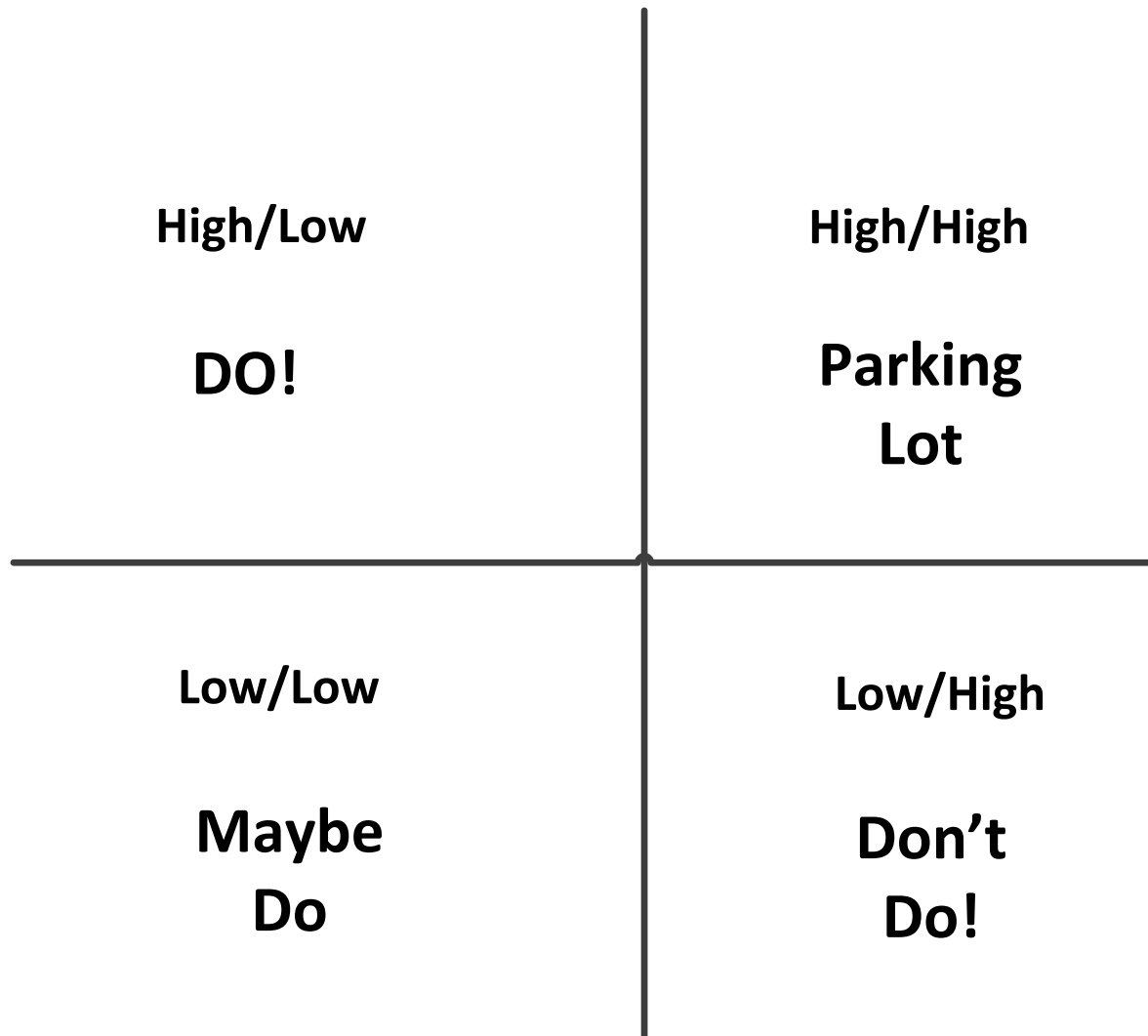
Record Significant Before and After Results

Metric	Current State	Future State	Improvement	%	Goals
			Process Kaizen		
			6-July-16		
Process Steps	123	54	69	56.1%	
Decision Points	20	6	14	70.0%	
Handoffs	5	2	3	60.0%	
Value-Added (VA) Steps	2	2	0	0.0%	
Non Value-Added (NVA) Steps	106	39	67	63.2%	
Necessary Non Value-Added (NNVA) Steps	15	13	2	13.3%	
VA / NVA %	1.9%	5.1%			
Lead Time (seconds)	3653	1592	2061	56.4%	25%
Dispatch Cycle Time (seconds)	1402	966	436	31.1%	30%
Warehouse Cycle Time (seconds)	1016	296	720	70.9%	30%
QA Cycle Time (seconds)	72	0	72	100.0%	30%
Print Operation Cycle Time (seconds)	280	330	-50	-17.9%	30%
ODC Cycle Time (seconds)	583	0	583	100.0%	30%
Dispatch thru Print Cycle Time	3070	1592	1478	48.1%	30%
Print Utilization	60	88.8	28.8	48.0%	33%

Six Sigma Problem Solving Equation

$$f(x_1, x_2, x_3, \ldots) = y$$

The function of x's (process and inputs) yields the y's (the result)

If you focus on the X's, you never have to ask Y!

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Six Sigma Process

Phase	Question
Define	*What do I want to improve? What is the problem statement?*
Measure	*What's the best way to measure? Does performance meet expectations? How much variation is there?*
Analyze	*How good is my process today? What is at the root of the problem? What causes the process to behave the way it does and creates the output?*
Improve	*What's at the root of the problem? Develop solutions to eliminate or minimize the root cause influence on the process and outputs?*
Control	*How can I sustain the improvement? What controls can be put into place?*

Everyday Quality
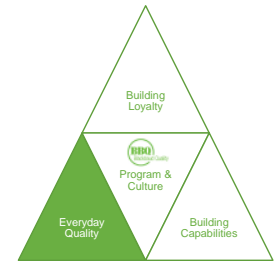
Enable

- Lead Process Improvement Teams as means of role modeling and improving processes
- Coach Process Improvement Teams
  - Expand the engagement of BB employees in continuous improvement of their processes
  - Develop the concept of "Dual Function of Work"
    - Daily Work
    - Improvement Work
- Manage/Coordinate portfolio of continuous improvement initiatives
- Develop systematic process for measurement, analysis, review, and improvement of organizational performance by using data and information at all levels and in all parts of our organization.
- Institutionalize continuous improvement

Driving a Quality Culture

Investing in our Associates

Lean, Six Sigma, & Root Cause Analysis Training

BBQ Training Certified and Attended
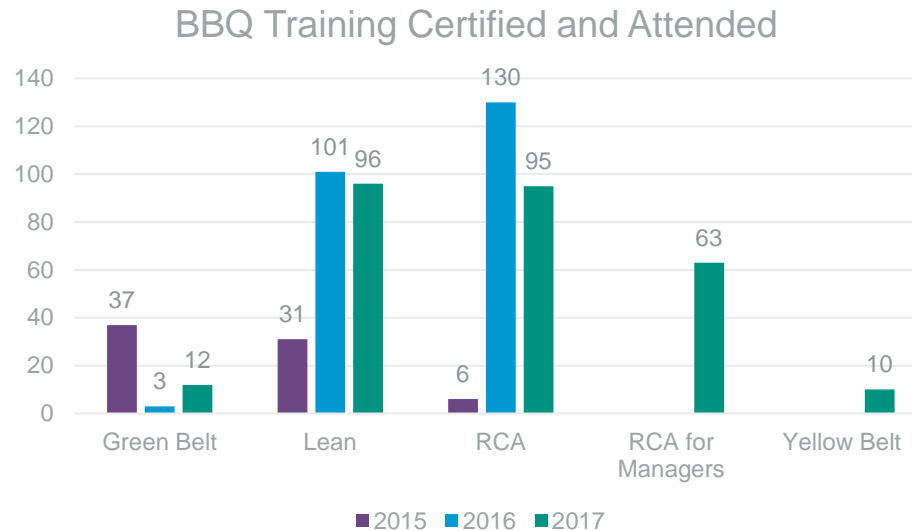
	2015	2016	2017	Total
	74	234	276	584

Note for 2017: Potential to add over 100 more RCA this year. And over 30 Lean this year.

The What: Vision of Dual Function of Work Program

Routine Work + Improvement in Work= Dual Function of Work
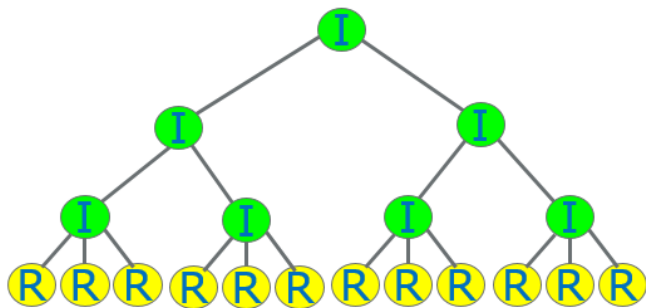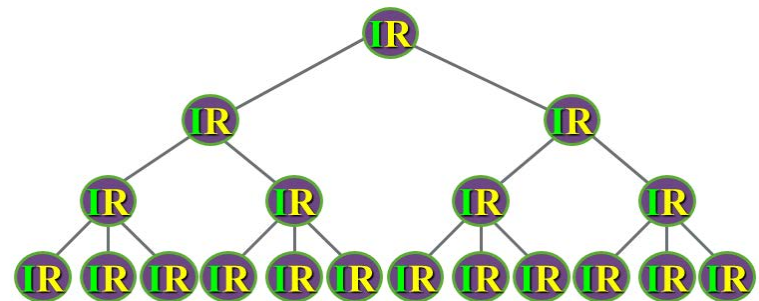
Dual Function of Work (SDCA and PDCA Cycles)

Improvement activities

Do improvement

Check improvement results

Plan improvement

Act-either standardize or replan

Job

Initiate improvement activities

Accept standard and proceed with daily work

Daily work

Act-either use present standard, or improve

Use standard

Check work against standard

Do work

NMJ
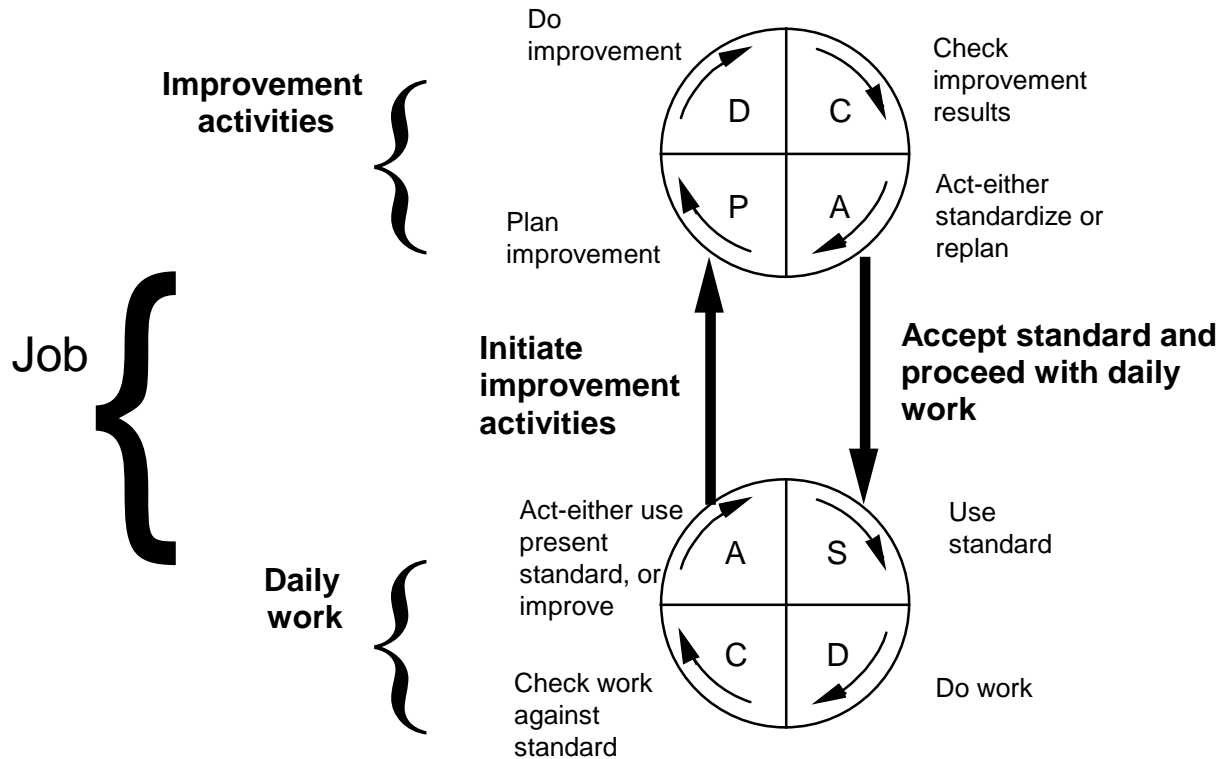
See It
Own It
Solve It
Do It

blackbaud
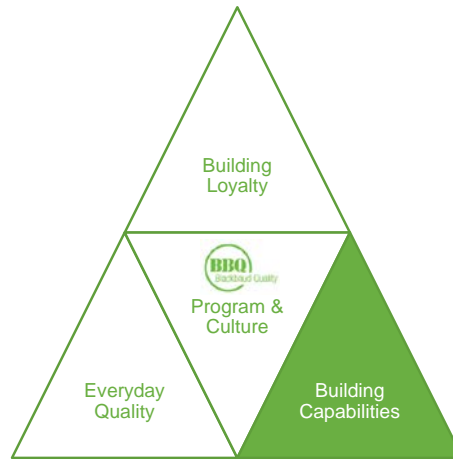
Building Capabilities
for key processes which drive business success

Transformation Defined

Our way of defining, driving, and delivering on our aspirational goal of becoming the "Best Software Company in the World"

Systematically addressing every area of the company to define what "Best" looks like, where we stand today, a roadmap for progressing, and how we will know when we get there

Transformation Approach

1. Define "Best"

2. Assess Current State

3. Prioritize Gaps

4. Execute Roadmap

5. Drive Adoption

6. Operationalize

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Blackbaud Quality
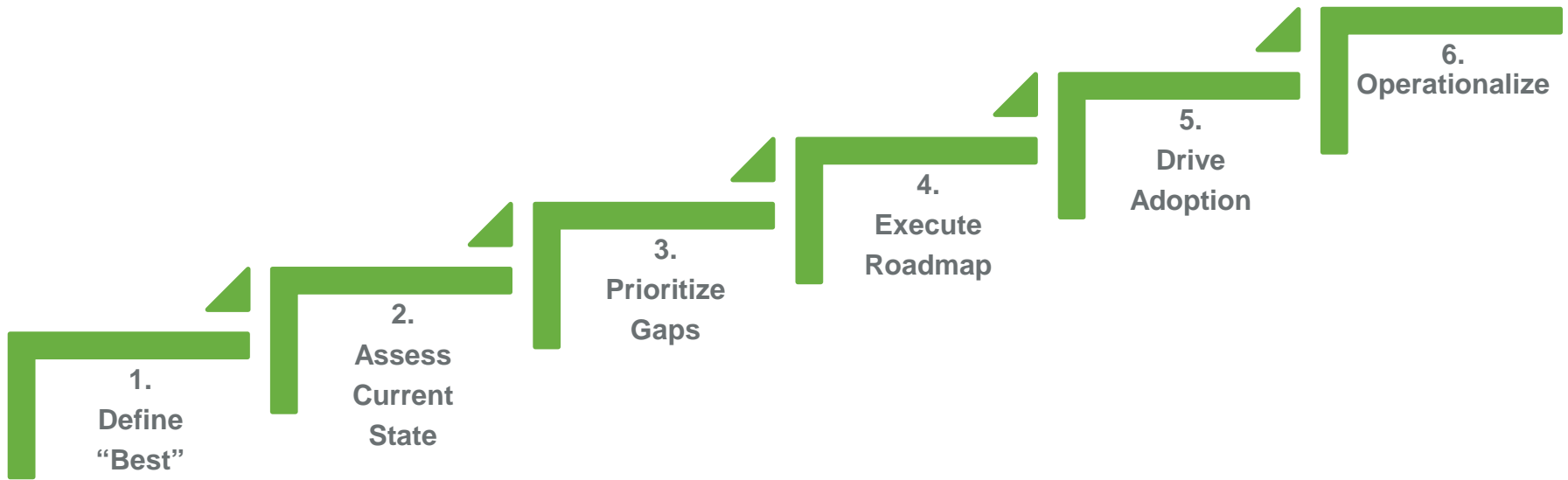
blackbaud

Blackbaud Enterprise Processes

| Planning | Product Management | Product Development | Sales | Delivery | Services | Support | Account Management |

Marketing – Finance – HR – Continuous Improvement
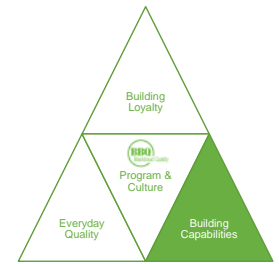
For each process swimlane:

Level 1 — Level 2 — Level 3 — Level 4 — Level 5

Operational Maturity

Building Loyalty

Program & Culture

Everyday Quality

Building Capabilities

BBQ
Blackbaud Quality

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Software Engineering Example

1. Define "Best"

2. Assess Current

3. Prioritize Gaps

4. Execute Roadmap

5. Drive Adoption

6. Operationalize
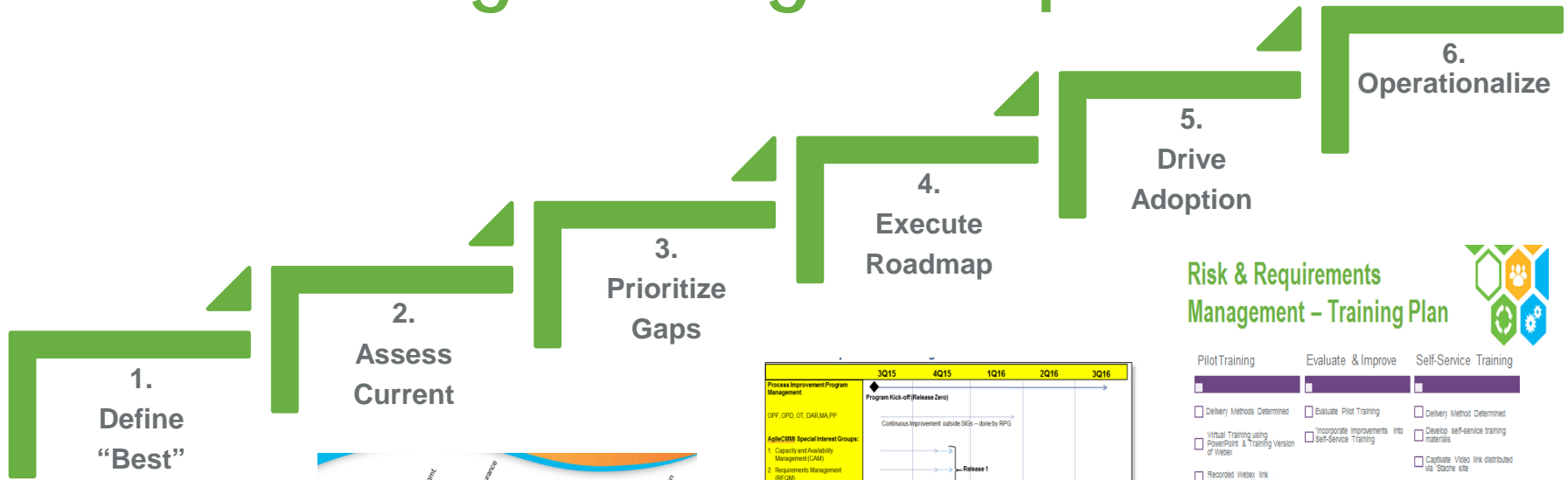
Capability Maturity Model integrated (CMMi)
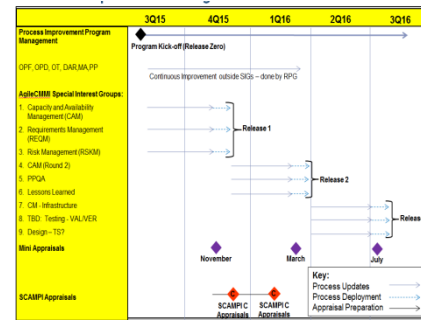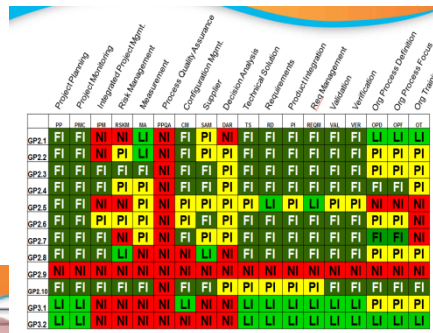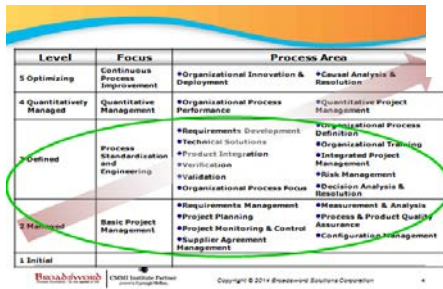
Risk & Requirements Management – Training Plan
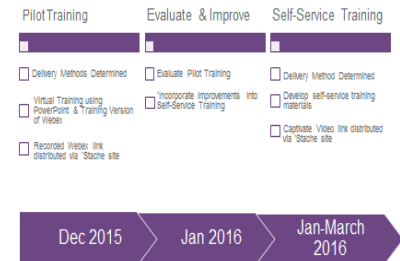
Software SURVEY ANSWERS MAPPED TO CMMi - TMM Model

SURVEY ANSWERS MAPPED TO CMM - TMM Model

RED = Poor
YELLOW = Needs Improvement
GREEN = Good

SCALE:

Positive Question - Percentage of "Yes" answers:
0 - 49 = RED
50 - 74 = YELLOW
75 - 100 = GREEN

Negative Question - Percentage of "Yes" and "Sometimes" answers ("Sometimes" indicates inconsistency):
0 - 49 = GREEN
50 - 74 = YELLOW
75 - 100 = RED

Finance

1. **Define "Best"**

2. **Assess Current**

3. **Prioritize Gaps**

- Actions prioritized for Business Policies, Business Processes, People and Organization, management Reports, Methodology, and Systems and Data.

4. **Execute Roadmap**

Roadmaps identified for each area, with each having sections on:
- Reasons for increase from prior state
- Next steps to reach target level
- Significant hurdles/high impact opportunities
- 2016 activities to reach target level

5. **Drive Adoption**

6. **Operationalize**

	Best Practice	Exists in Current State?	Priority for Close Acceleration	Recommendation Reference	Score
1	Clearly defined review and approval processes	Yes	High	Page 7 & 25 (Executive Summary; Potential Opportunities)	3
2	Minimization of the reconciliations work effort during the month-end close	Partial High	High	Page 47 (Reconciliations)	2
3	Minimization of the journal entry processing during the month end close	Partial High	Medium	Page 37 (Journal Entries)	2
4	Perform/update risk analysis on each account and prioritize/reconcile in accordance with the risk profile	Yes	Medium	Page 47 (Reconciliations)	3
5	Perform reconciliations of low risk accounts during the month	Partial Low	Medium	Page 47 (Reconciliations)	1
6	Periodic quality audits and reviews by independent teams/peers	Partial High	Low	-	2

Risk Management

6. Operationalize

5. Drive Adoption

4. Execute Roadmap

3. Prioritize Gaps

2. Assess Current

1. Define "Best"

- Network and Application security controls shared across multiple industry standards (NIST, ISO 27002, SOC 2, PCI-DSS)

- Factor Analysis of Information Risk (FAIR) threat-based model used to prioritize risks

Security Capability Roadmap

Information Security Risk Rankings

Network Security Risk Register

Top Risk Punch List

Baldrige/NIST CyberSecurity

IT

1. Define "Best"

2. Assess Current

3. Prioritize Gaps

4. Execute Roadmap

5. Drive Adoption

6. Operationalize

Gartner ITScore

Functional LEVEL 1	Enabling LEVEL 2	Contributing LEVEL 3	Differentiating LEVEL 4	Transformational LEVEL 5
The enterprise regards IT as a commodity most useful for cost-effective transaction processing	The enterprise is focused on continuous improvement	Enterprise is focused on pushing its boundaries through scientific management	Enterprise is committed to dominating its industry	Enterprise is on a path of continuous reinvention
	Business unit leaders independently leverage IT as and when they consider it necessary	IT is critical to achieving business performance goals	IT is a source of agility and product/service innovation	IT is a primary driver of business model innovation
IT is a utility that efficiently delivers a limited set of core capabilities	IT reliably & predictably delivers technology services and solutions on demand	IT is engaged in addressing explicit business problems or opportunities. Its contributions to business performance are well understood	IT collaborates with other disciplines like R&D, BPM, and OT to deliver new products, services and differentiating operations	IT is leveraged to redefine markets and rules of competition

Operating Model Projects - Design Criteria
Our design criteria were developed against these core organizational perspectives

Strategic Perspective How well will the structure align with the organizational strategy and support achievement of strategic goals? (Includes elements of competence, culture, and leadership)	**Financial Perspective** How will the structure affect costs and support realization of financial goals? (Includes elements of resource allocation and scale economies)
External Market Perspective How will the structure affect market position and competition? (Includes elements of customer service and marketing)	**Operational Perspective** How will the structure affect key processes and decision-making? (Includes elements of process and coordination)

CEB – Corporate Executive Board – Balanced Scorecard to Evaluate Structures

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EVALUATING KEY PROCESS AREAS

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Evaluating Key Process areas

Design Criteria (samples)	Analysis Artifacts (by Org Design Option)	Analysis (by Org Design Option)
• Does the structure simplify / clarify decision making? • Does the structure minimize process steps / handoffs for us and our customers? • Does org structure optimize the customer experience • Does the structure encourage financial ownership?	*Swim lane process map*	• Number & complexity of process steps • Jumps between functional areas
	RACI analysis	• Multiple 'A' – accountable • Excess 'R' – responsible
	Goal alignment map	• Conflicting goals • Goal gaps

Evaluating Key Process areas
EVALUATING KEY PROCESS AREAS

Design Criteria (samples)	Analysis Artifacts (by Org Design Option)	Analysis (by Org Design Option)
• Does the structure optimize fixed vs. variable cost structures • Does the structure increase our capacity and efficiency? • Does the structure reduce / eliminate duplication / redundancy of process or roles? • Does the structure bring focus and control to enable forecasting and predictability? • Does the structure encourage financial ownership?	*Scale Model*	• Number & complexity of process steps • Jumps between functional areas
	Span of Control	• Scale properties • Decision making

Span of control = 7

BBQ Blackbaud Quality

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Evaluating Key Process areas
EVALUATING KEY PROCESS AREAS

Design Criteria (samples)	Analysis Artifacts (by Org Design Option)	Analysis (by Org Design Option)
• Does the structure facilitate the consistent use of Blackbaud best practices • Are the structures significantly different than we've done it before • Does it enable / foster continuous improvement? • Does it encourage broad organizational thinking / application? • Does the structure create opportunities for leadership development (horizontal and vertical)?	*Benchmarking*	• How we compare on key metrics associated with the process area.

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Areas of Focus

- Software Factory
- Financial Optimization
- Leadership Development
- Marketing Excellence
- Human Resource Process Efficiencies
- Sales Excellence
- Change Management
- Customer Success
- Customer Operations

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Software Factory Structure
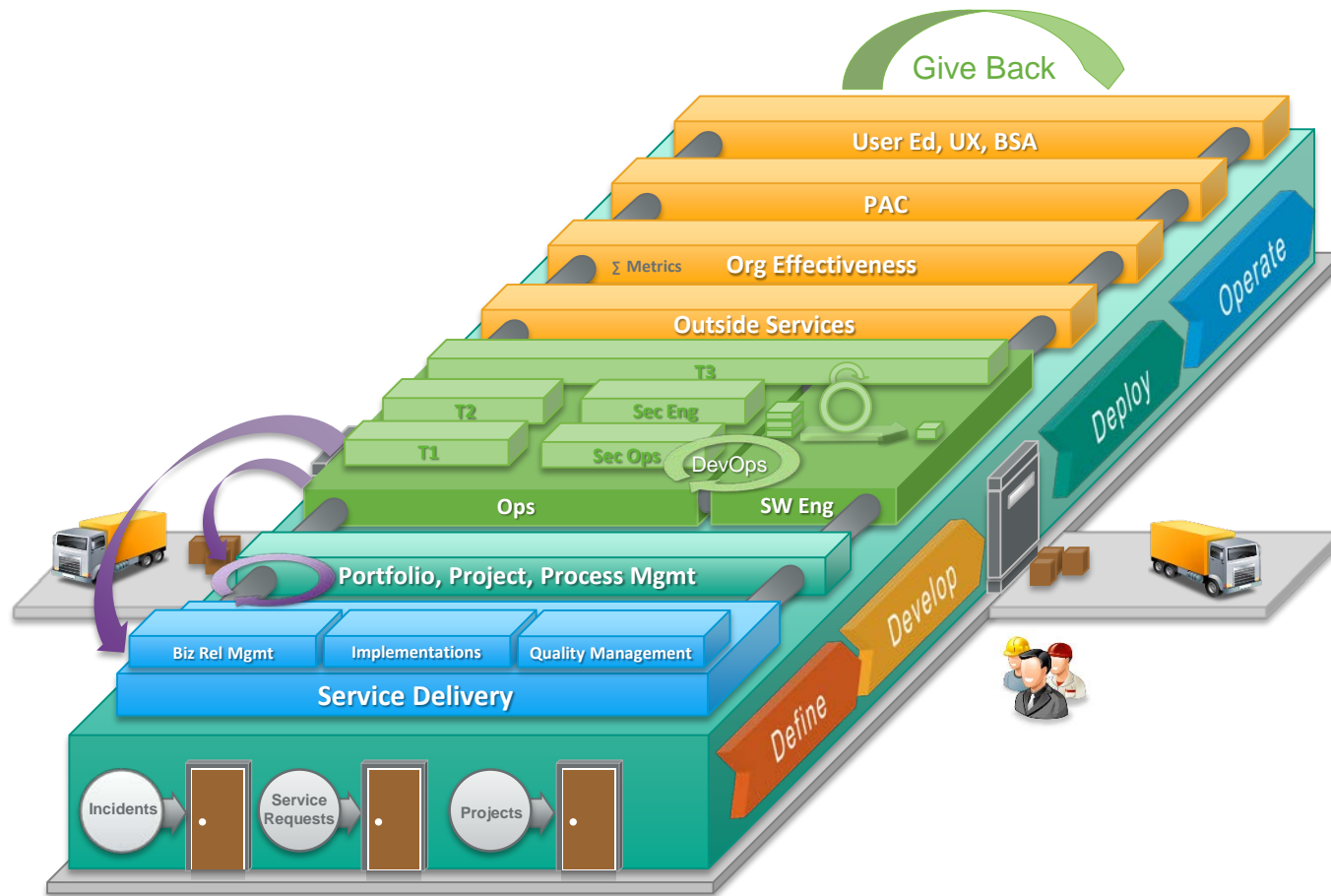
Software Factory
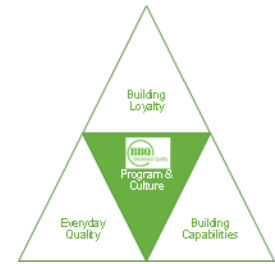
- CMMi
  - Capability Maturity Model integrated: Process improvement model for products and services consisting of best practices that address development and maintenance activities covering the product life cycle.
- ITIL
  - Information Technology Infrastructure Library: Guidance for managing IT services and systems
- Weekly Quality Meetings

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RDO Quality Review Initiated

New items

Weekly Measures → **Incidents** → **QI Review** → **Quality Topics**

Weekly Measures
- Quality Dashboard Weekly Metrics Review
- Uptime/Avail Uptime/ Availability
- Cases per Active Site Metric

Incidents
- Incident Overview Prior week review

QI Review
- QI Coverage Update on program planning

Quality Topics
- Incident Management Process
- New Root Cause Tracking
- RDO Report Card
- Product Performance 2016 Root Cause

IT Read Out

BBQ
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Waterfall = "One Big Bite"

How familiar is this?

Requirements ABCD

Design ABCD

Construct ABCD

Test ABC D🚫

Deploy ABC

Scope: ABCD

Cut D? Ok. Change A,C? Too late.

Business Value

Opportunity cost of Staff during project

One Big Bite!

ABC

Months   1   2   3   4   5
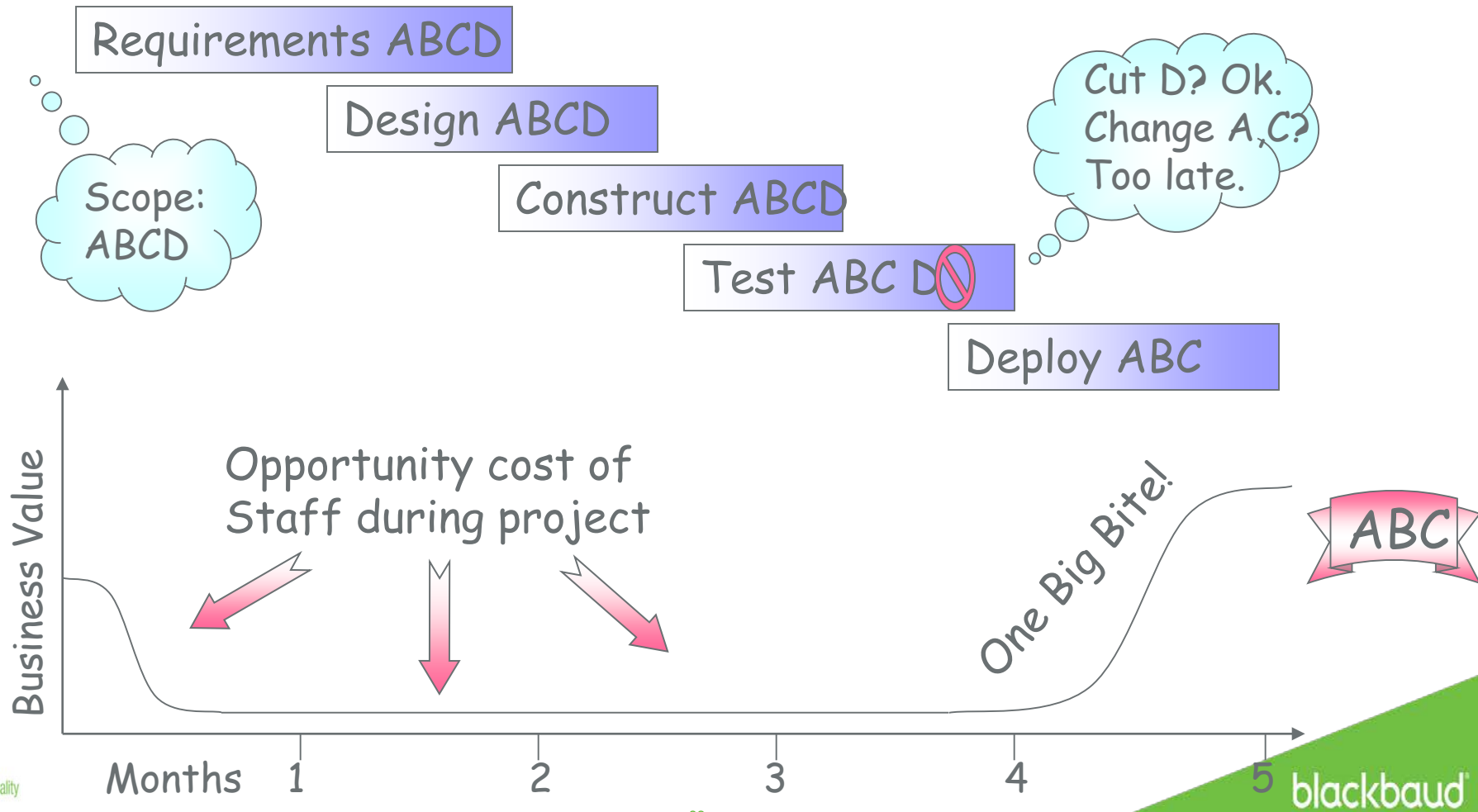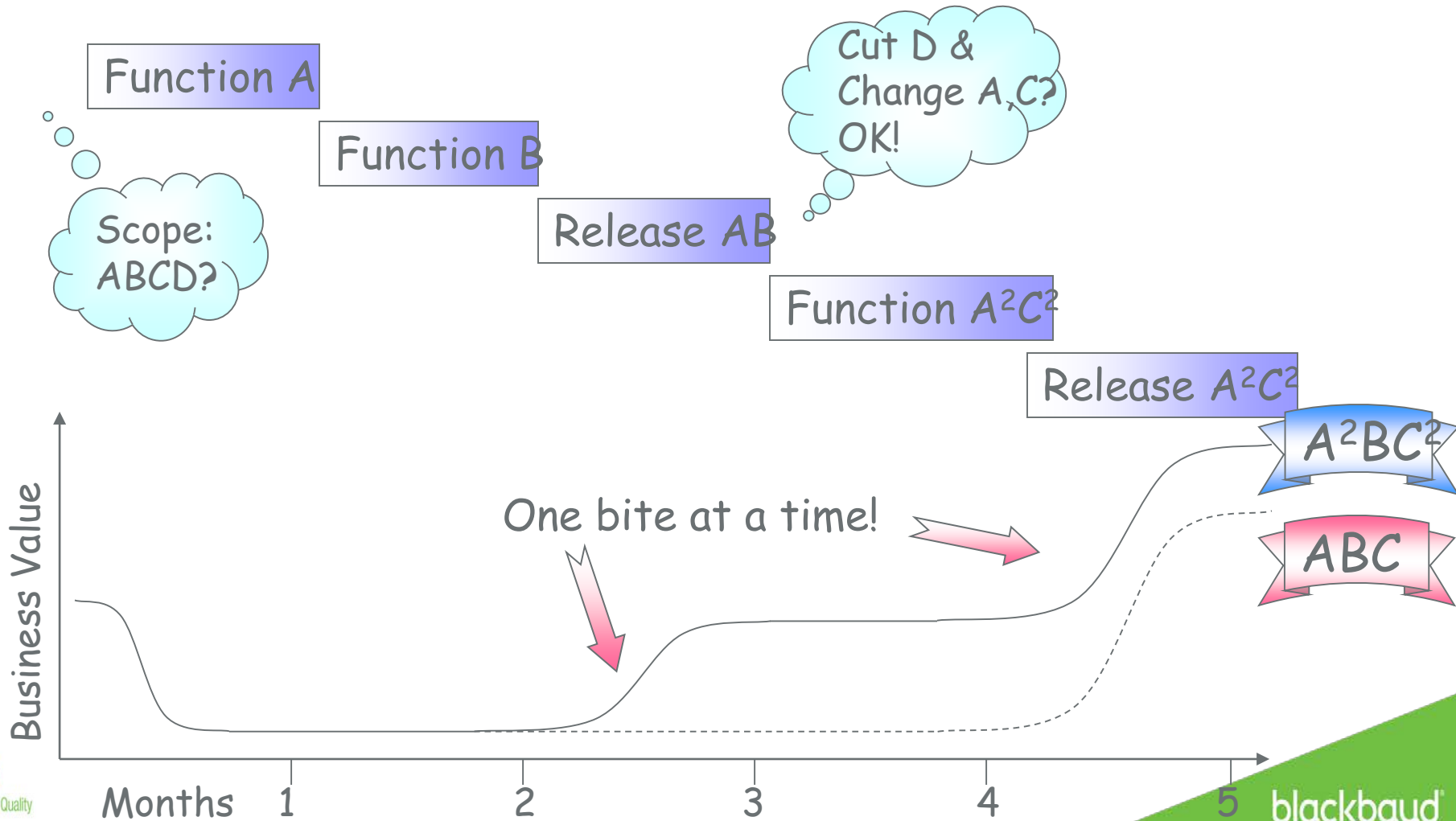
An Agile Approach - Process

Customer & Team Connects Every Day

Team self-organizes to maximize productivity

PM Removes Impediments Daily

Break work into Bites

Decide next action based on customers' inspection of working results

Customer decides value

Team builds only what is needed

24 hours

Daily Scrum Meeting

Backlog tasks expanded by team

30 days

Sprint Backlog

Product Backlog As prioritized by Product Owner

Potentially Shippable Product Increment

Source: Ken Schwaber and Mike Beedle: *Agile Software Development with Scrum*

BBQ Blackbaud Quality

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When to use which?

Fast and Furious Feedback

Iterations

Waterfall

It depends!

- Stable requirements
- Established technology
- Few deployment windows
- Can tolerate longer ROI

- Dynamic requirements
- Emerging technologies
- Few or frequent deployment
- Need for faster ROI
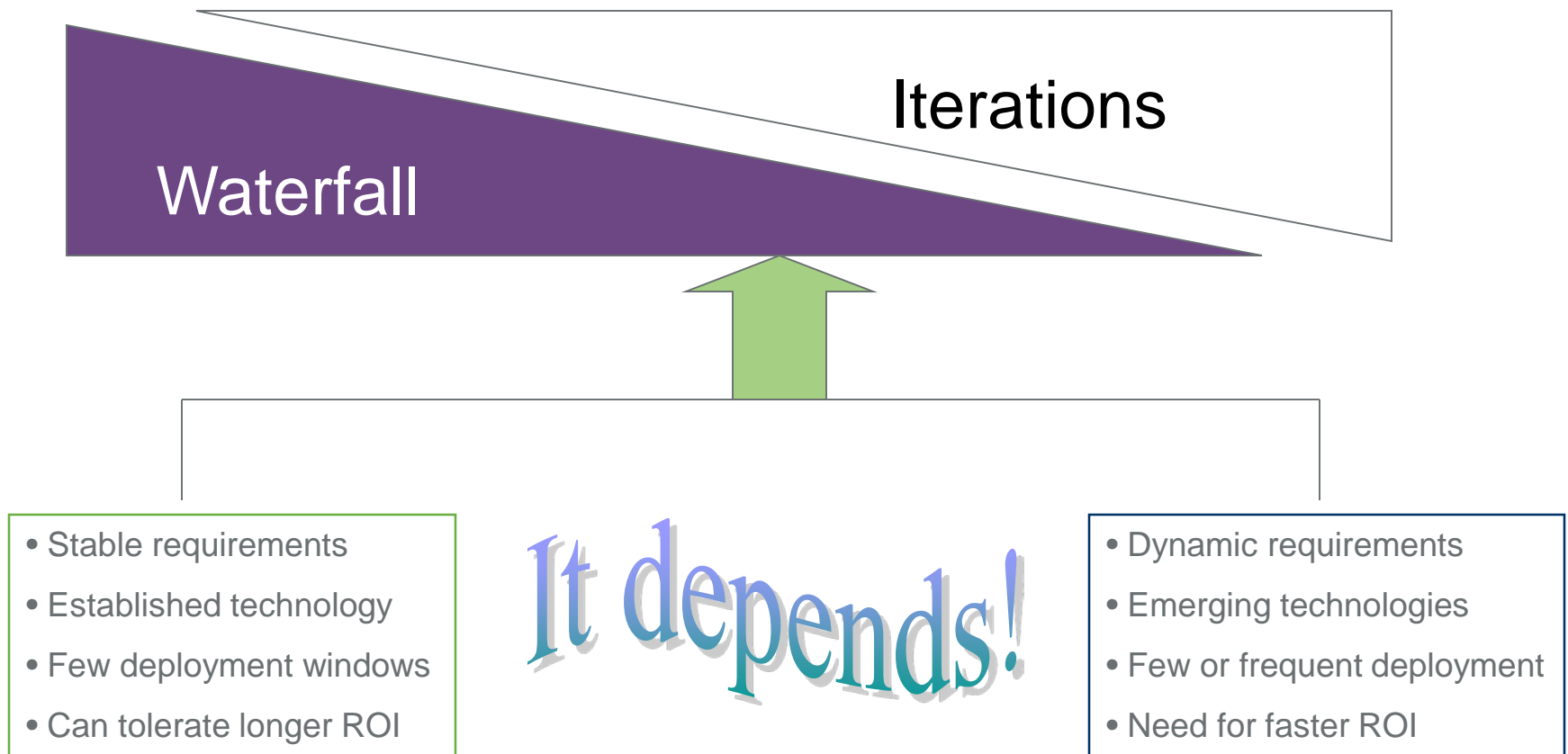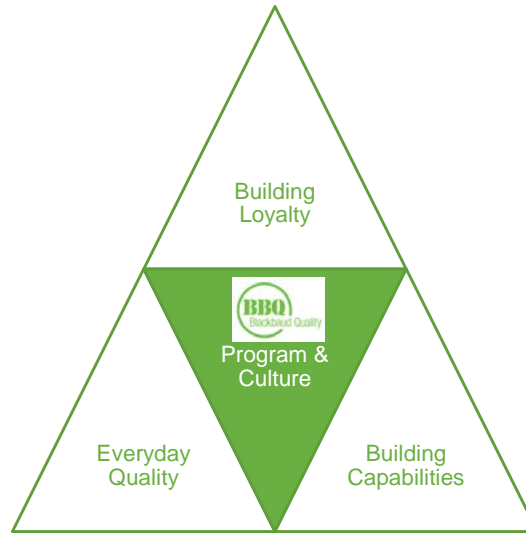
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Blackbaud Quality (BBQ) – Program and Culture
the vehicle for execution & change

BBQ Program Rollout –
A Phased Approach
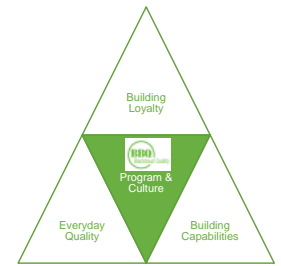
BBQ - Blackbaud

BBQ – Strategic Initiatives

BBQ - RDO

BBQ – One Product Line Focus

Build a Quality Culture and Brand
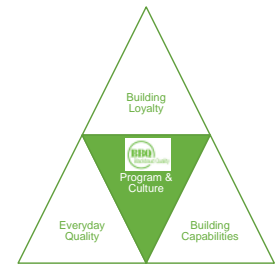
Market Blackbaud Quality (BBQ)

- **Established** the BBQ **brand**
- Developed a quarterly BBQ **Newsletter**
- Established BBQ Sharepoint site
- Established BBQ **Communications Plan**
- **Generated awareness** of quality and continuous improvement
- **Celebrated** and made transparent process improvement success stories
- Developed Team and Individual **recognition** systems (Quality Awards, Quality Summit, etc.)
- When process improvements have been demonstrated, with successful results- **communicated internally, and now externally**

BBQ MeeBee Site

Calendar

Training Participants

BBQ Meebee Site Updates

BBQ Training Registration Link

BBQ Tools / Templates Link

Project List

Project List

Projects from all team members.

All Sites ▼

New ▼ | Actions ▼ | Settings ▼ | 1 - 30 ▶

📎	Project Name	A3?	Strategic Initiative	Owner	Status	Previous Period	Next Steps	Health Indicator
	Application SDLC Analysis and Matrix	No		Ryan Roberts	Complete			Green
	Marketing Best Practices	Possibly		Hodlin	In Progress	Collecting initial benchmarking data analysis utilizing a Sirius Decisions survey. Expect completion week of July 25. Targeted analysis and recommendations from this initiative is week of August 8. Process survey questions are completed. Working on financial questions regarding revenue and budgets.	Complete benchmark survey and submit to Sirius Decisions. Review analysis and recommendations. Identify SaaS organizations that are within our growth targets and benchmark their marketing organizations.	Green
	HR Recruiting Process Kaizen	No		Hodlin	Completed	Recruiting module on Workday has been implemented. Some actions from kaizen still being implemented. Most are on track for delivery dates	Incorporating improvements into WorkDay for April 1 release	Green
	Transformation Office	Yes		Sarah / Jackie / Hodlin	In Progress	Met with representatives of each area and determined whether there is a benchmark "Best" identified. • Hodlin met with John Mistretta for HR. There is no "best" benchmark currently. Researching one; Steve met with Hieko, Jagtar, and Halleck for planning. There is no current "Best". Research will be done for one, including consulting connections, industry information, Baldrige winning applications; met with marketing and Sirius Decisions about a model, since marketing currently does not have a "best" model. Engaging Sirius Decisions and their Marketing Eco--System model for marketing. Kicked off formal marketing transformation project, and inventory of current state has begun. Professional services has requested we review at a later date, however we are engaged in several lessons learned analyses with them. All others are underway. • See marketing best practices project.	CSM - Esther conducting call on 6/23 with TSIA to discuss scope of membership. Product Management - Pinged Mike McCarthy about gap assessment. He just hired a new Ops Manager and this is one of the things she will be focused on this year.	Green
	Assessment-Pro Services	No		Hodlin	Completed	• Met with CDA, KPMG, and Blackbaud for report-out on results	Meeting scheduled with CDA to work on improved process from assessment results. Operational Excellence	Green

(Left navigation)

...sts
- BBQ Calendar
- Training Participants
- Project List

...scussions

...braries
- BBQ Documents
- Newsletter Archives
- Value Steam Maps
- A3 Problem Solving Projects
- Six Sigma Green Belt Projects
- Lean Curriculum
- Six Sigma Green Belt Curriculum
- Marketing Best Practices
- Transformation Project
- Change Management

...les Excellence ...ogram

...DC Data Health ...itiative 2015

...ebAnalytics

Recycle Bin

blackbaud

Docs

Tools and Templates

BBQ Documents › Tools and Templates

Home > BB Sites > BB Quality > BBQ Documents > Tools and Templates

Lists
- BBQ Calendar
- Training Participants
- Project List

Discussions

Libraries
- BBQ Documents
- Newsletter Archives
- Value Steam Maps
- A3 Problem Solving Projects
- Six Sigma Green Belt Projects
- Lean Curriculum
- Six Sigma Green Belt Curriculum
- Marketing Best Practices
- Transformation Project
- Change Management

Sales Excellence Program

SFDC Data Health Initiative 2015

WebAnalytics

🗑 **Recycle Bin**

New ▾ | Upload ▾ | Actions ▾ | Settings ▾ | 1 - 30 ▸ | View: **All Documents** ▾

Type	Name	Description	Checked Out To	Modified	Modified By
	15-Time Observation			2/27/2015 10:20 AM	Jackie Huffman
	5 whys examples			8/19/2015 4:03 PM	Jackie Huffman
	5 Whys template			8/19/2015 4:03 PM	Jackie Huffman
	A3	A3 is a problem solving tool to help communicate your process.		7/7/2016 4:07 PM	Sarah Beauregard
	a3_word_template	Simplified A3 template used to document and track process improvement projects.		4/30/2015 2:44 PM	Jackie Huffman
	A3-problem-solving-example	Example of an A3 with instructions.		4/30/2015 2:58 PM	Jackie Huffman
	asq-fmea-template	Failure Mode and Effects Analysis Template used to identify risk priority numbers.		8/10/2015 10:52 AM	Jackie Huffman
	BBQ Cycle Time Worksheet			2/27/2015 10:20 AM	Jackie Huffman
	Cause and Effect or Fishbone template	Create a cause-and-effect diagram with this template. This is also known as a fishbone diagram.		4/29/2016 9:09 AM	Sarah Beauregard
	Choosing the Method	Used to help decide what type of quality tool to use to improve a process.		3/20/2015 2:08 PM	Jackie Huffman
	Control Chart Selection Flow Chart	Use this to select what type of control chart to use based on your data set.		8/10/2015 10:27 AM	Jackie Huffman
	Creating a Pareto Chart in Excel	Describes the steps used to create a Pareto Chart in Excel.		3/25/2015 9:08 AM	Jackie Huffman
	Data Collection Plan	Used to develop a written strategy for collecting data.		9/21/2015 10:49 AM	Sarah Beauregard
	data-analysis Check Sheet with histogram and pareto	Use to collect data on a problem. This excel file will automatically create a histogram and Pareto chart from the check sheet data.		10/9/2015 2:26 PM	Jackie Huffman
	DMAIC and Root Cause Analysis	Use this template to plan and document your progress in conducting root cause analysis.		10/9/2015 2:28 PM	Jackie Huffman
	DMAIC Tools Matrix	Shows lean and six sigma tools mapped to the DMAIC methodology.		5/14/2015 3:22 PM	Jackie Huffman
	Fishbone Diagram	Fishbone Diagram (Cause & Effect Diagram Template)		6/7/2016 8:38 AM	Sarah Beauregard
	FMEA	Failure Modes and Effects Analysis (FMEA) is used to identify and quantify potential risks to process, products, solutions, technologies, etc, and action plans to mitigate where necessary.		6/20/2016 11:31 AM	Sarah Beauregard
	Green Belt Project Presentation Template v2 (1)	Takes you through the steps in DMAIC.		8/31/2015 11:46 AM	Jackie Huffman
	Initiative Charter Template - v1			2/27/2015 10:18 AM	Jackie Huffman
	Kaizen Invite Memo-eTap	This is an example of a meeting invite to send out regarding a Kaizen event to help give context and set expectations with attendees. The process owner usually sends out the meeting invitation.		4/28/2015 4:13 PM	Jackie Huffman
	Kaizen_Slides	These slides can be used as starter material for conducting a Kaizen session.		7/7/2016 4:28 PM	Sarah Beauregard
	Materials Needed for Lean Week	List of supplies needed for conducting a Kaizen or other process improvement events.		4/28/2015 4:14 PM	Jackie Huffman

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BBQ Practitioner Community: Agenda

- **Meeting Theme –** Engagement: Getting the Team Involved!
- **Community Spotlight** – Great process improvement stuff going on in the business!
  - Case study of improvement initiative by a member of the community
- **BBQ New and Noteworthy**
- **Fabulous Prize Drawing!**

Problems to solve

Quality tools

Value to the business

Challenges and ongoing work

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Operational Excellence Recognition

Name

Date, 2016

Reason: For teaching her team the Root Cause Analysis tools and methodology, and utilizing them to improve the process to co-term contracts for customers.
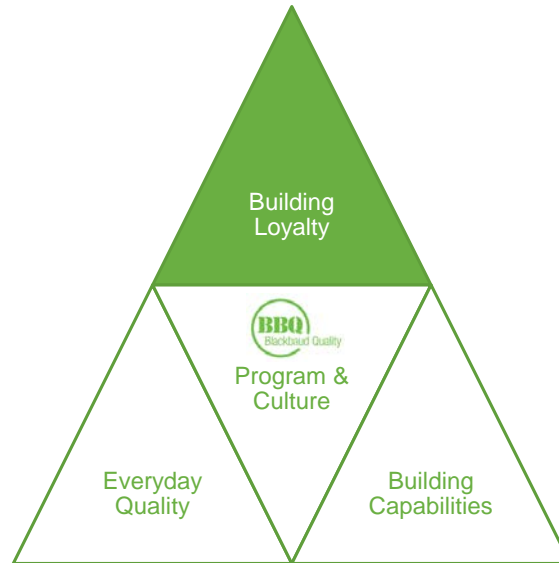
Building Loyalty
the primary metric

Building Loyalty
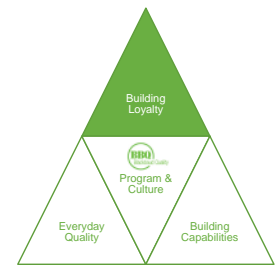
- Improve overall Blackbaud Net Promoter Score
    - Established customer loyalty goals for each BU/RG
    - Established customer loyalty action plans associated with above goals
    - Incorporate tracking of action plans into BU/RG Monthly Ops Reviews
- Improve the accuracy and confidence level of the loyalty surveying process
- Improve Customer Satisfaction Scores
- Improve Retention

Leadership Development

Goals of the Leadership Development Program

Goals of the Leadership Program are to develop skills and organizational behavioral norms in the areas of:

- **Building Trust**

- **Open and Honest Communication**

- **Collaboration**

- **Effective Decision-Making**

- **Accountability**

- **Change Management**

- **The Leader's Role in Continuous Improvement**

The program is designed to not only deliver information about how to develop these skills, but also to help facilitate individual and organizational behavior change.

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Change Management

Kotter

"Kotters Eight Steps of Change"

Creating a climate for change

Engaging and enabling the whole organization

Implementing and sustaining change

1 Increase Urgency

2 Build the Guiding Team

3 Get the Right Vision

4 Communicate for Buy-in

5 Empower Action

6 Create Short-term Wins

7 Don't Let Up
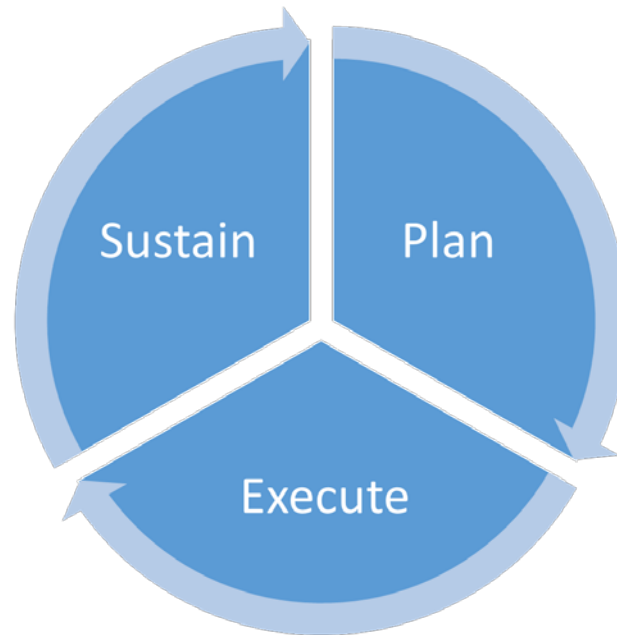
8 Make it Stick
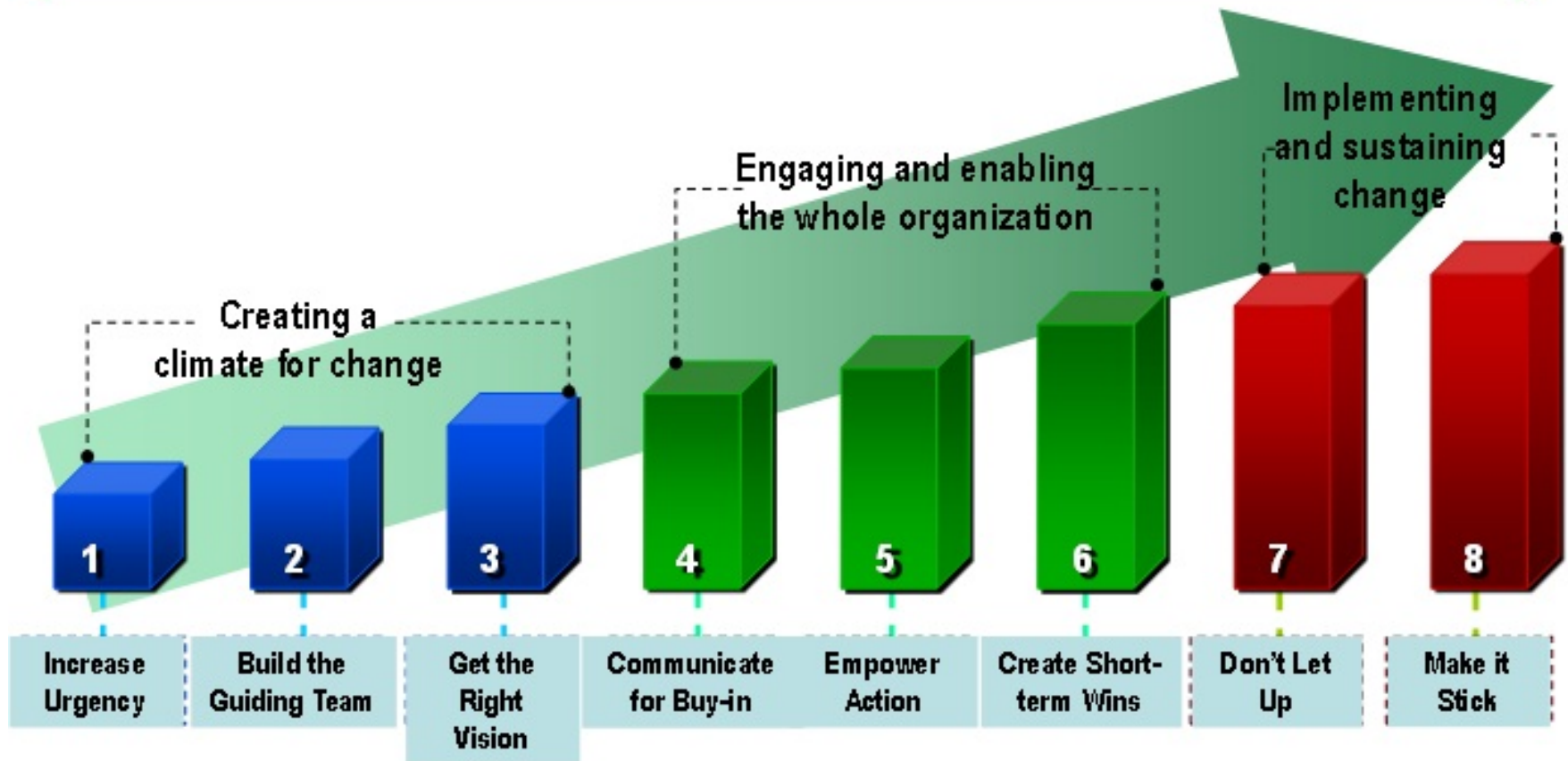
Kotter, John P. and Cohen, Dan S. The Heart of Change. Boston: Harvard Business School Press

Blackbaud Change Approach

Plan for the Change: Create the Change Environment
- Define vision
- Complete stakeholder analysis
- Create and engage governance model (Sponsors, Steering Committee, Key Business Leaders)
- Define key messages
- Create to-be vision
- Develop Change Management Strategy & Approach

Execute the Change: Engage and Enable
- Create and engage change network
- Develop detailed communications plan
- Complete change impact analysis and mitigating change plan
- Develop training & performance support plans
- Define metrics (short and long term)
- Celebration/recognition plan

Sustain the Change
- Execute periodic change readiness assessments and action plans
- Develop and execute continuous improvement plan
- Create sustainment plan
- Plan for inclusion in culture
- Celebrate successes and people
- Identify ongoing owners

Transforming Culture

Goal: Provide middle management with the skills to begin the transformation to institutionalizing continuous improvement

Why?

- Leaders must create the culture
  - Middle management leaders are closest to the daily work
- 4 components to culture
  - **Experiences:** Foundation of the culture
  - **Beliefs:** Experiences form the beliefs; beliefs people hold about what they should do and how they should do it drive the actions they take
  - **Actions:** Those actions produce the results they achieve
  - **Results:** Results achieved from experiences, beliefs, and actions produce results, and form the culture
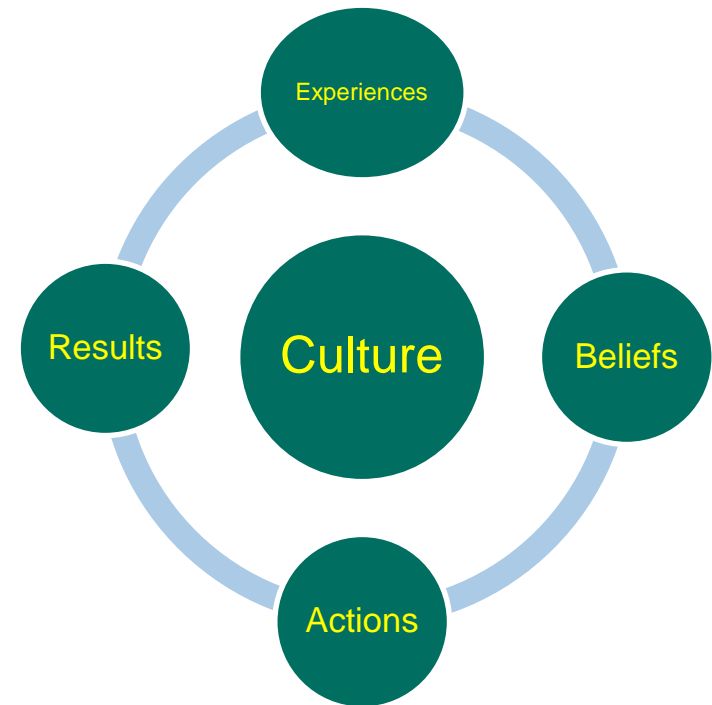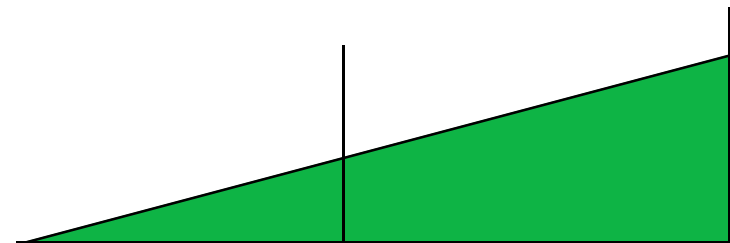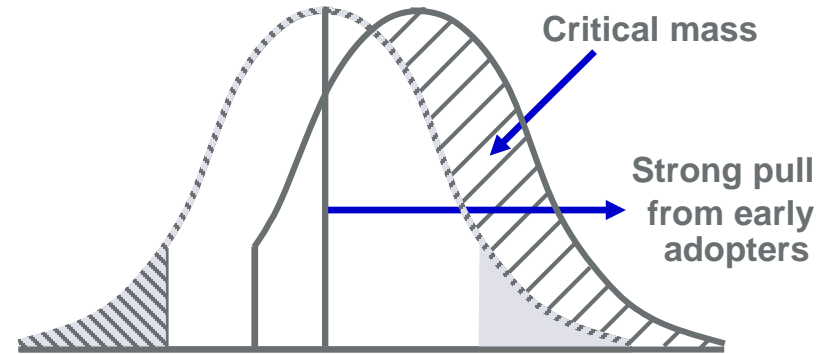
Managing Resistance

Traditional Situation

Increasing resistance ← Neutral → Increasing cooperation

Anchor draggers

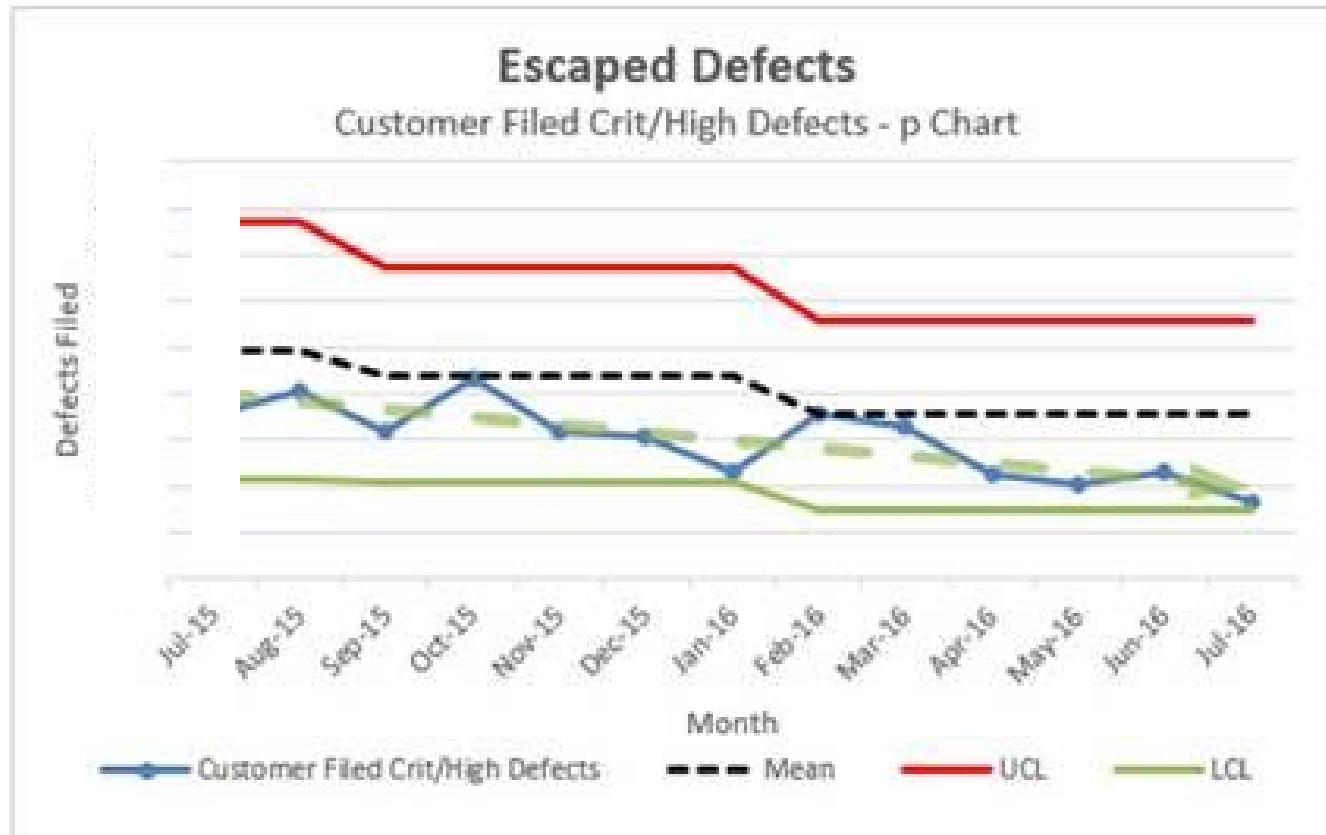Early adopters

"Uncommitted Mass"
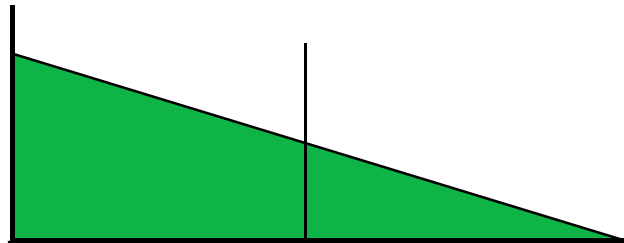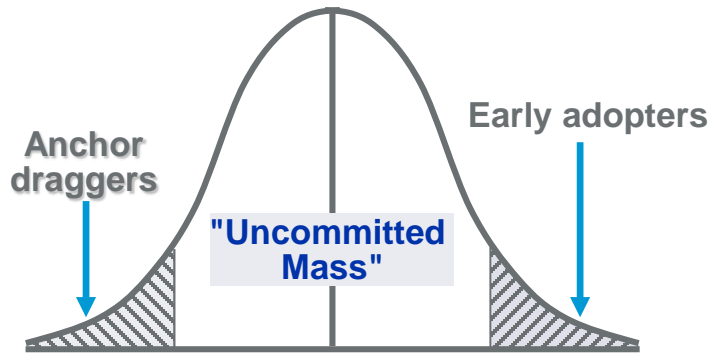
Management attention

Forcing Change

Increasing resistance ← Neutral → Increasing cooperation

Critical mass

Strong pull from early adopters

Management attention

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Customer Reported Defects Chart

Blackbaud Stock Price Over 5 Years

Open	92.37	Mkt cap	4.47B
High	93.00	P/E ratio	90.36
Low	91.69	Div yield	0.52%

The Excellence Framework

Results:

- Better employee relations

- Higher productivity

- Greater customer loyalty

- Increased market share

- Improved profitability

- Improved quality

- Increased capacity
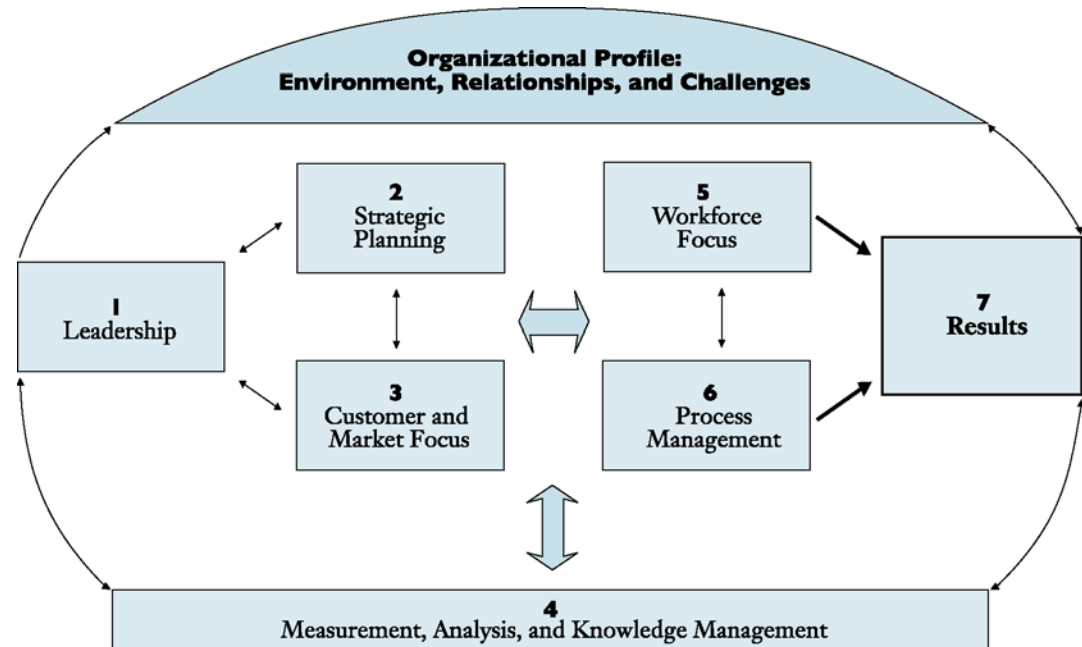
Critical Tips

- One-size-fits-all approach is not effective
- Adapt the concepts and theories to the organization
    - Use the approaches, tools, and language that will be effective
    - Fit to the organization's goals, strategies, and culture
- Link all improvement activity to dollars (soft or hard)
    - Report out on improvements in the language of management- dollars

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Critical Components, Perfectly Synchronized
Creating Customer Value and Corporate Growth

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Questions?