

# Understanding the People Value Stream

Drive successful workplace improvement by creating an end to end process for maximising the potential of your people

Peter Hines & Cheryl Jekiel

Why is it that after several decades of knowledge about approaches such as Lean many, if not most business improvements fail to yield the expected results and struggle to achieve sustainable change? We believe it is about people and how they are involved, engaged and developed.

In this article we explain the concept of a People Value Stream which is the natural companion of the traditional Product Value Stream. It provides the framework to harness the power of people in an organisation and remove the huge cost of wasted human potential.



## About the Authors

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# The Problem

Take a look at the figure below. On the left-hand side of the bridge are lined up the various 'process strong' functions such as Quality, Engineering, Operations and ICT. All of these have their own panacea approaches like Six Sigma, Lean, Operational Excellence and Agile.

They bring a wealth of excellent improvement tools and methods which provide technical solutions based on 'Continuous Improvement'. Unfortunately, organisations have struggled with how to develop their teams fully to engage these tools to attain anywhere near their potential results.

Meanwhile on the far smaller 'Respect for People' right-hand side of the bridge, we see HRM and occasionally an Organisational Development department. These functions are delivering Leadership and Culture Change programmes.

There are a number of problems.

**First**, the two sides of the bridge don't fully understand each other's potential and don't realise the need fully to integrate their efforts.

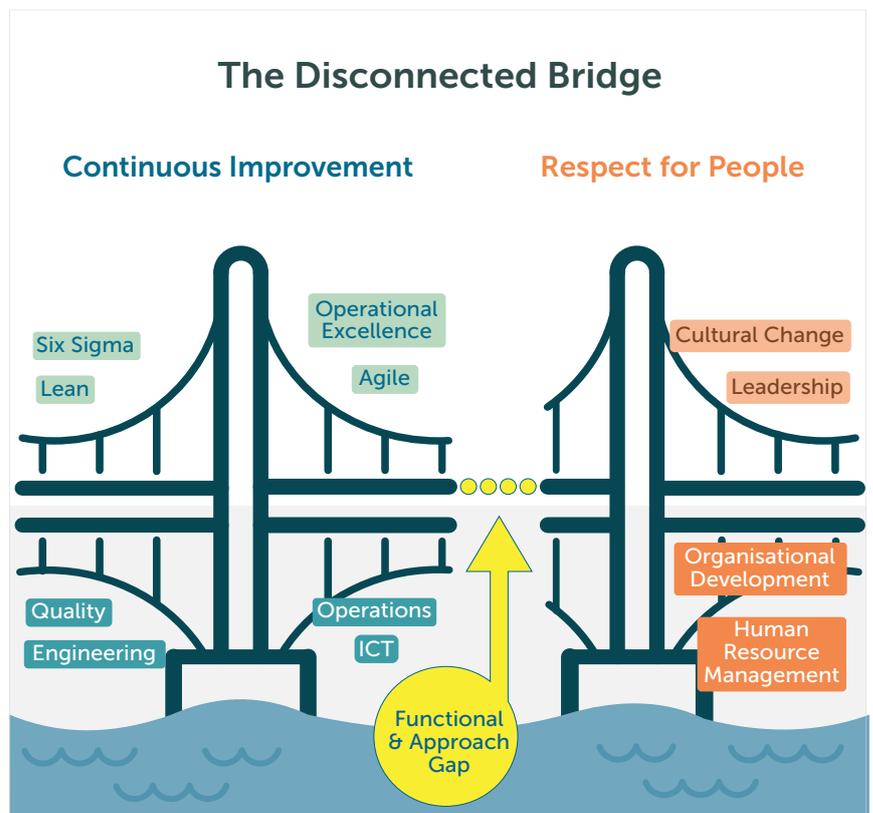
**Second**, both sides of the bridge are unclear about the potential financial benefits that can be achieved when you engage teams who are fully skilled with the improvement tools.

**Third**, people development programmes are often delivered apart from the critical strategies of the organisation including the desire to use improvement tools to achieve desired results.

The result is that approaches from the right-hand side of the bridge all too often are largely underestimated in their ability to drive impactful results.

Our research over the last 10 years shows that the few organisations that stand out exemplars have found a way to excel at both sides of the bridge. Take for instance Toyota. They refer to the left-hand side as 'Continuous Improvement' and the right-hand side as 'Respect for People'. Toyota require both sides of the bridge for success.

However, most organisations are not multinational automotive giants, so how might this work for them?



Commenting on this **Pete Gritten, VP HR, Toyota North America** noted

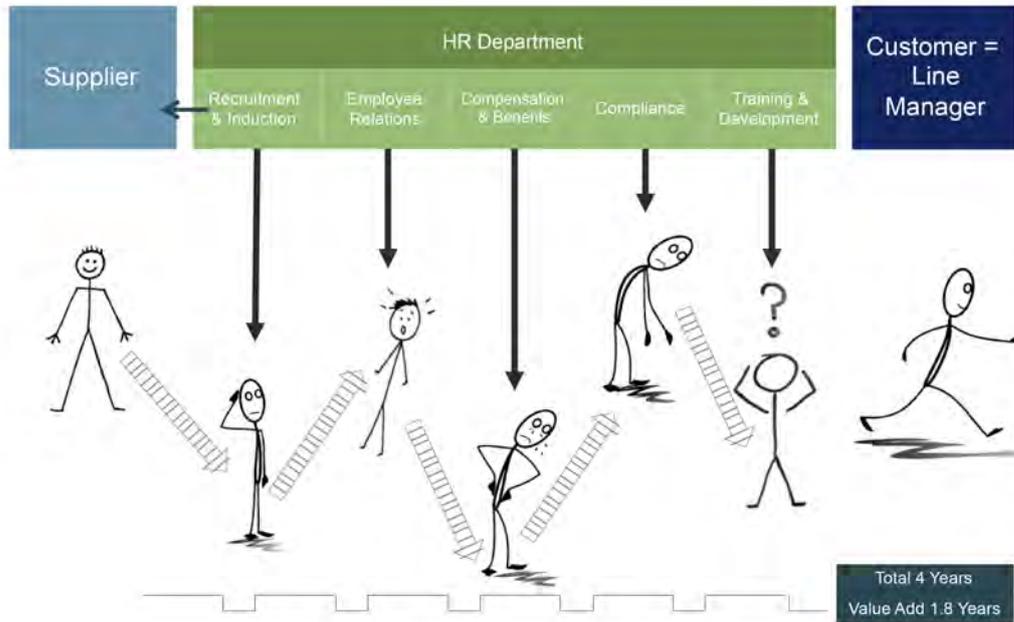
If there is magic to TPS, then this is it: successful implementation of human resource philosophies that create the buy in and engagement of the people necessary to run such a simple but intricate system.

# The Opportunity

Reaching the full potential of Lean or other improvement transformations requires a dramatically more strategic approach to utilising people’s abilities, something that has largely eluded organisations to date. It requires us to overcome the greatest opportunity, that of wasted human potential.

What would be truly surprising to many is the potential financial benefits of any such approach to improvement.

When organisations make comprehensive changes that successfully engage and develop their teams, they can access levels of financial benefits not achieved any other way.



## The Key role for HR

In this we see a key role for HR in providing talent management systems that are drivers of engagement and improvement. HR can provide the mechanisms that allow the workforce to be able to:

1. have a working knowledge of how the business operates across processes and how the work they are doing aligns with providing value to the customers and the organisation’s larger mission; and
2. know how to identify waste and problems and more importantly be able to implement changes that address them.

HR can also drive hiring and developing leaders who understand how to lead in a Lean or continuous improvement culture.



Successful organisations did not motivate employees; they engaged them...what mattered was having committed employees who exhibited high levels of discretionary effort in support of the mission and vision of the organisation...motivating employees and engaging them were very distinct concepts

**Paul Marciano, Psychologist**



In order to do this it is likely that HR needs to apply some of the technical approaches on the left of the bridge to itself, as much to understand and communicate how their efforts produce tangible results (financial and otherwise).

# The Framework

Within mainstream (left-hand side) improvement methods there is a focus on the key business process of fulfilling orders. Here we look at everything from the order placement from customers, order processing and then the physical flow of activities in delivering the product or service to the customer. Many people talk about developing 'a plan for every part'. This is the essence of Continuous Improvement.

If we are to optimise the results, we need to connect the bridge by taking the same winning approaches on both sides of it. Here are just some highlights of this approach:

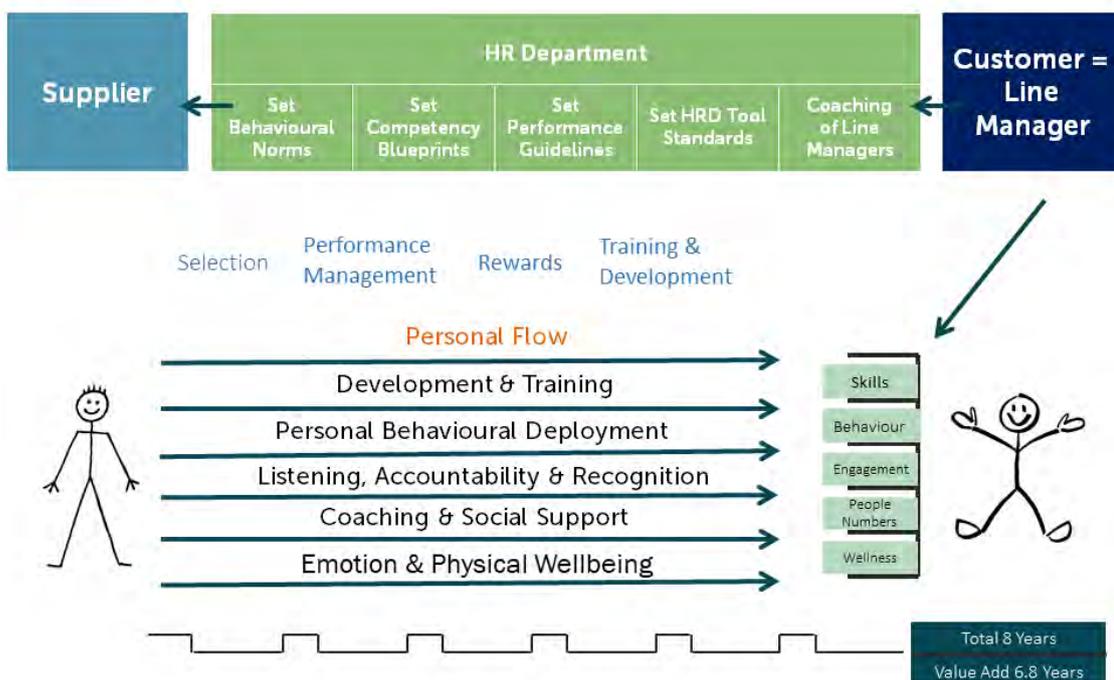
1. Establish cohesive plans for our people requirements, through planning their careers through their life in the organisation. We therefore need 'a plan for every person'.
2. Consider people requirements through a Value Stream Map including current to future state conditions.
3. Utilise Voice of the Customer approaches to transfer better understanding and address needs to optimise the people value streams.
4. Ensure alignment throughout the processes such as ensuring the messages given in recruitment are the same as in induction.

Let's consider how we might manage this People Value Stream in a Lean way and hence start creating an organisation that is more balanced and spans the bridge.

We might be able to envisage an Ideal State where there was a more seamless flow of information from the customers (the line managers) and a more obvious pull message, perhaps with the 'plan for every person' in a single piece flow of people.

The role of HR would move from being more like a production control to a more strategic one where they are focused on making the whole process more effective and setting direction and policy. We could then develop personal flow for people. These flows would involve working seamlessly with people in their:

- Learning and Development
- Personal Behavioural Deployment
- Listening, Accountability and Recognition
- Coaching and Social Support
- Emotional and Physical Wellbeing



If this Ideal State can be achieved, the employee would be much happier, more engaged, stay longer and work at a higher value-added rate (here we have assumed 85%). In addition, the customer, the line manager would be far happier and the organisation more effective.

Imagine what this could mean to your organisation, the reduction in recruitment costs, the higher level of improvement activity and more sustainable change, to mention just a few things.



## In Summary

The majority of current improvement activities in organisations does not yield the expected results and most suffer sustainability issues. This is because they (over) concentrate on 'fact based' technical improvement.

What is required is a greater focus on 'feelings based' people improvement. A key player in this is the HR community with its range of competencies and aptitudes.

To bring these effectively to bear we advocate the application and management of the People Value Stream, akin to the Product Value Stream common in Lean improvement. The People Value Stream is the end-to-end process for maximising the potential of our people throughout their time within an organisation based on the principles of pull, flow, continual learning and development.

We believe that those organisations who apply this thinking will be the winners of the future.

This article is partly based on the prize-winning publications:

**The Essence of Excellence**  
(Peter Hines & Chris Butterworth, 2019)

and  
**Lean Human Resources**  
(Cheryl Jekiel, 2020)

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