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The 25/25 Principle

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Three Levels of Ethics



1. Differentiate

- Separate GOOD From BAD
- First use of cause and effect in ethics

2. Act on

- Do GOOD things
- Don't do BAD things

3. Anything else?

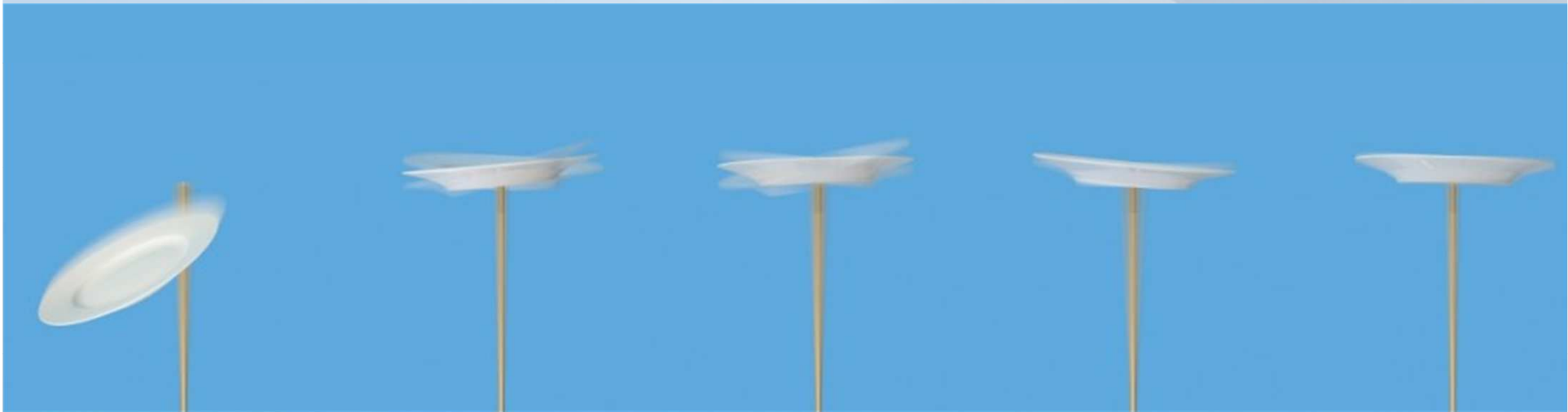
Interlude: Simon

- Alexander Herbert Simon
- We are limited, namely in:
 - Storage capacity
 - Processing capacity
 - Input capacity
- Therefore:
People are SATISFICERS (opposed to optimizers, killing the *homo economicus*)
- And what about ethics?





“They’re all good plates...”





Three Levels of Ethics



1. Differentiate

- Separate GOOD From BAD
- First use of cause and effect in ethics

2. Act on

- Do GOOD things
- Don't do BAD things

3. Act on Selected things

- Do chosen GOOD things
- Which things?



TOC is...

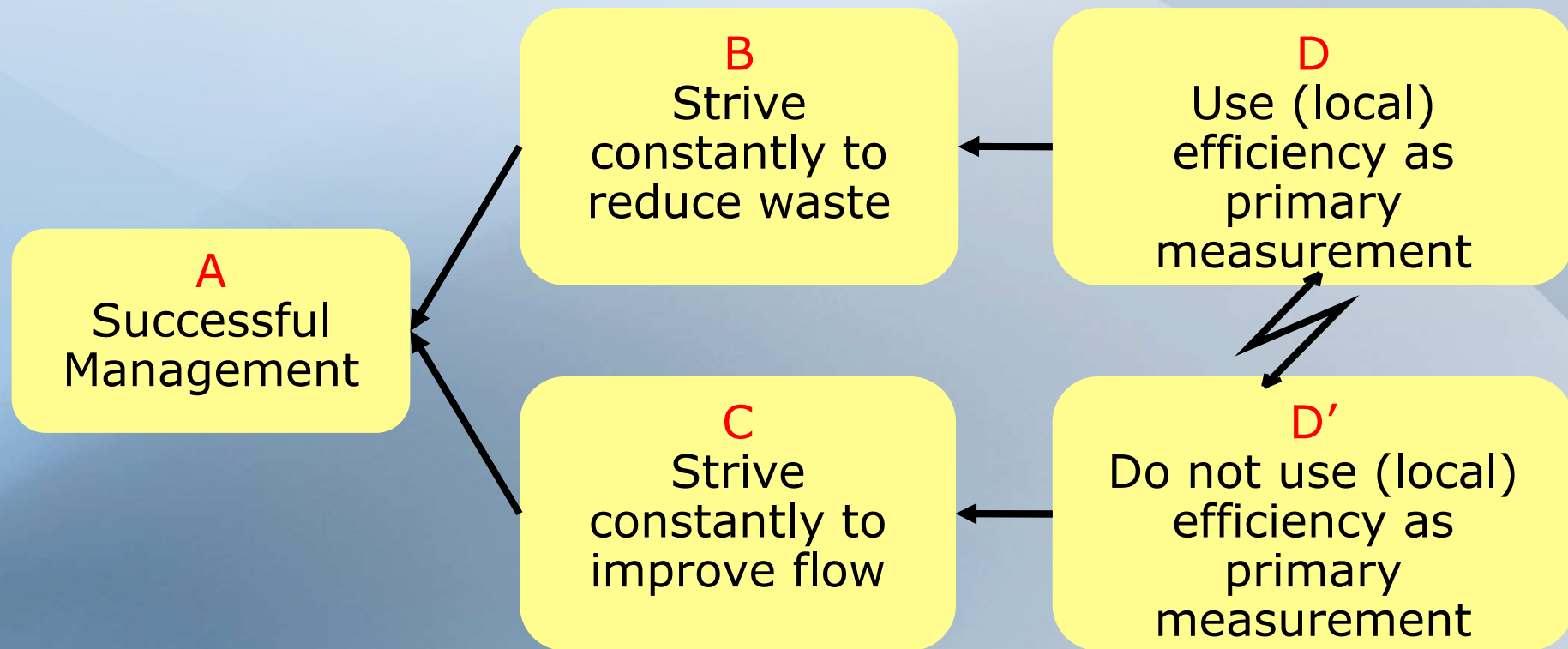


FOCUS

Doing what should be done
Not doing what should not be done

Management Ops Cloud

- Why is focusing so difficult in organizations?

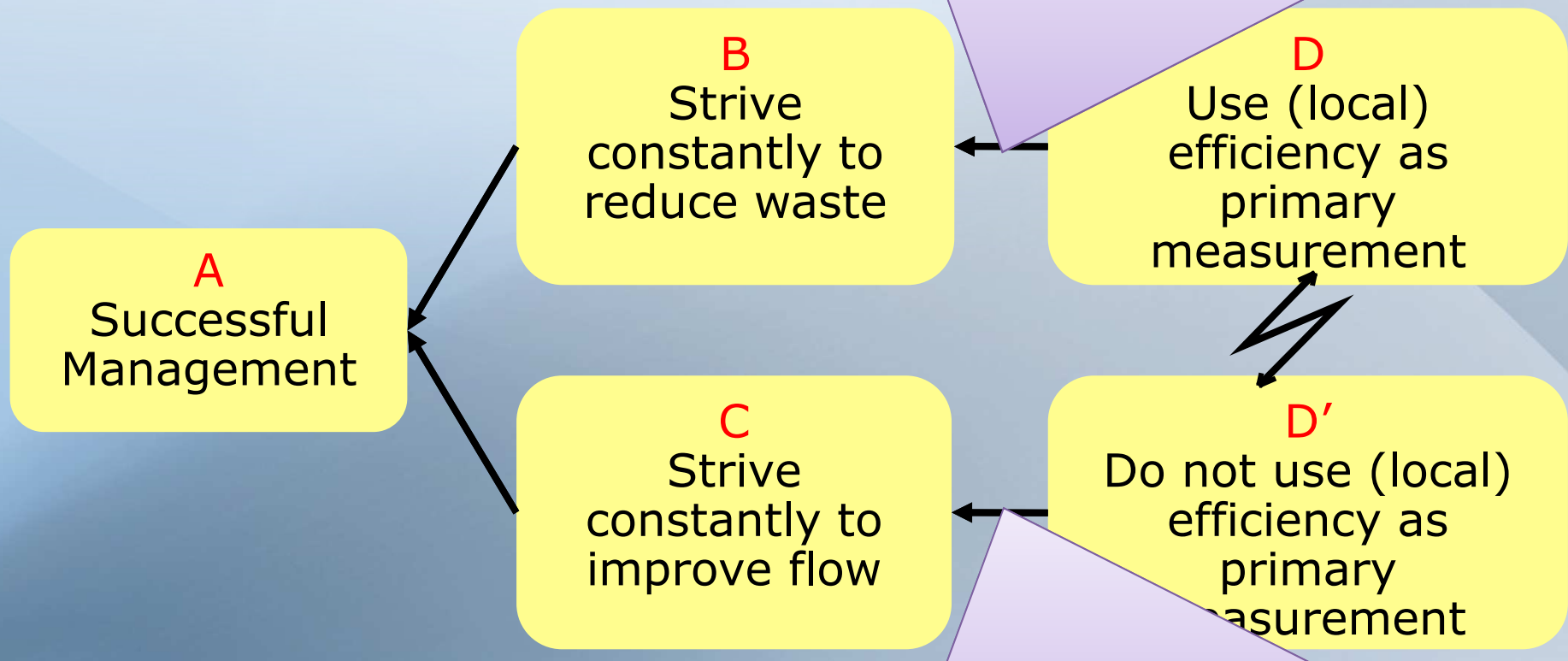




Management Ops Cloud



A resource standing idle is a great waste



With dependencies and variability most resources clog the flow working at full efficiency



Jams x Flow



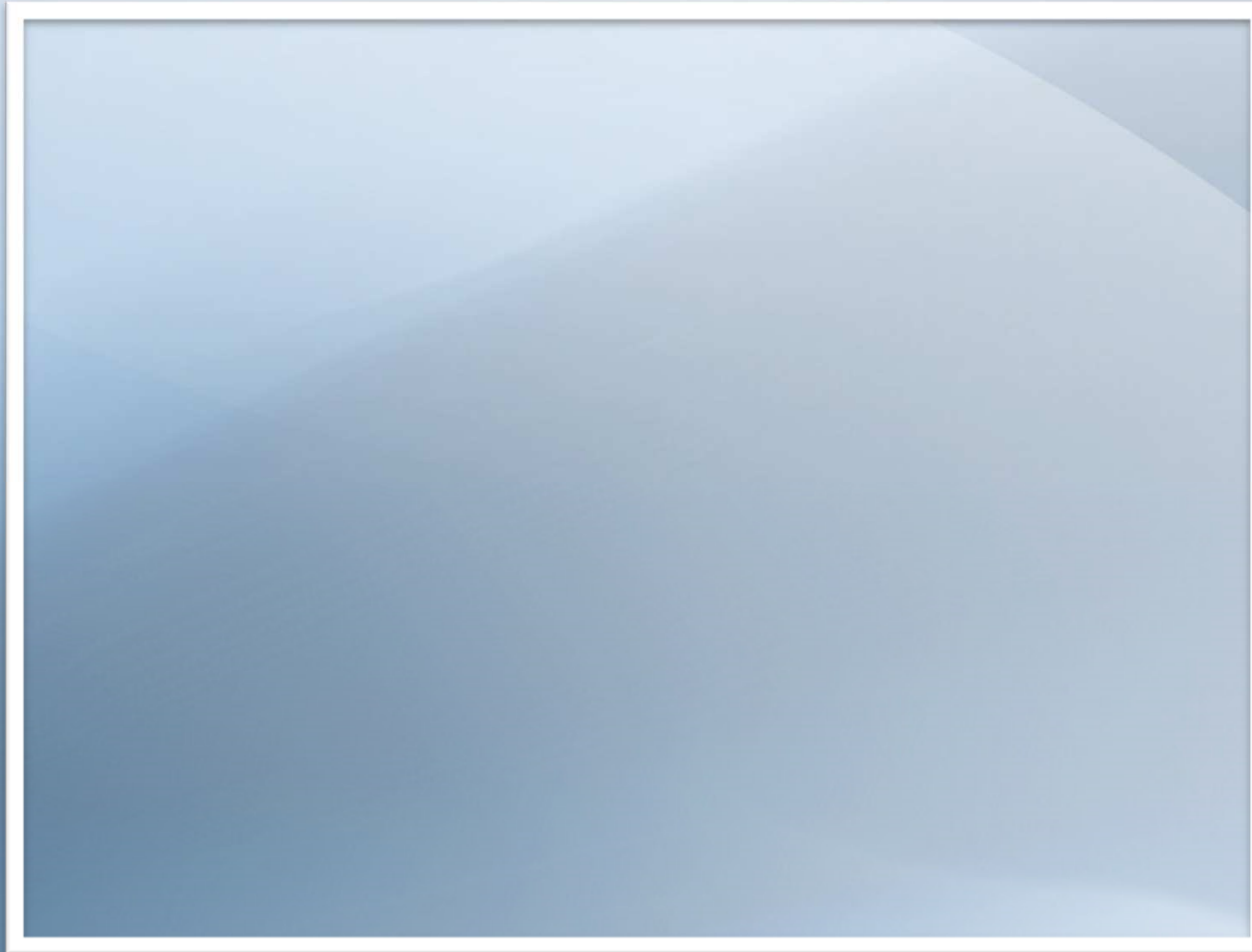




Video



- University of Nagoya: Shockwave Traffic Jams





Challenging the assumption



A resource standing idle is a great waste

3 forms of focusing to challenge this assumption:

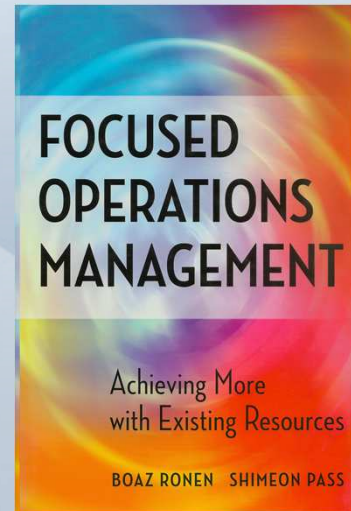
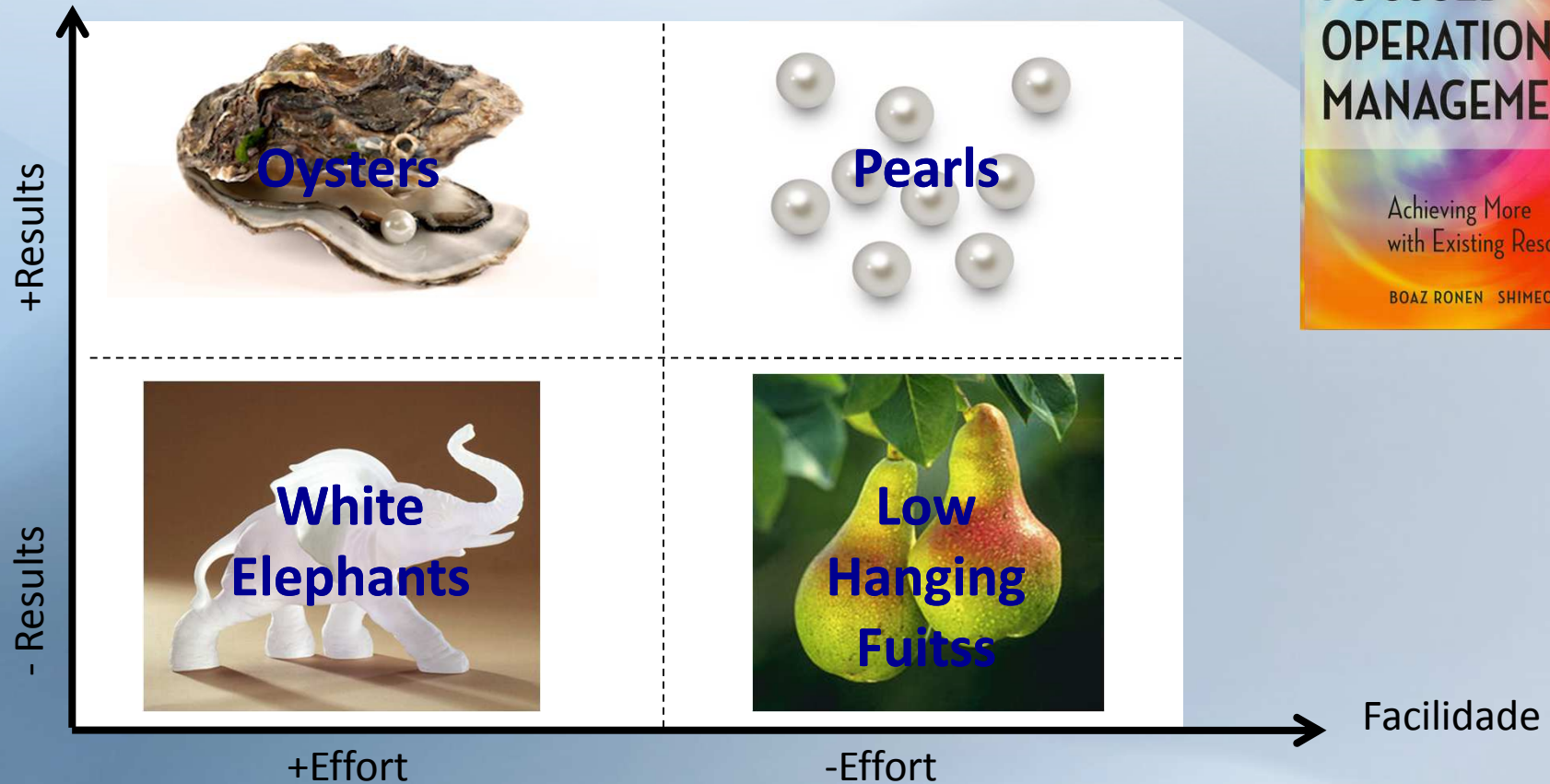
- Focus Matrix & Pareto
- 5 Steps
- Thinking Processes

PS: not only we need to challenge it, but we need to give a viable injection to sustain B and C

Focusing Matrix

- Classify, then act

Results





The 25/25 Principle

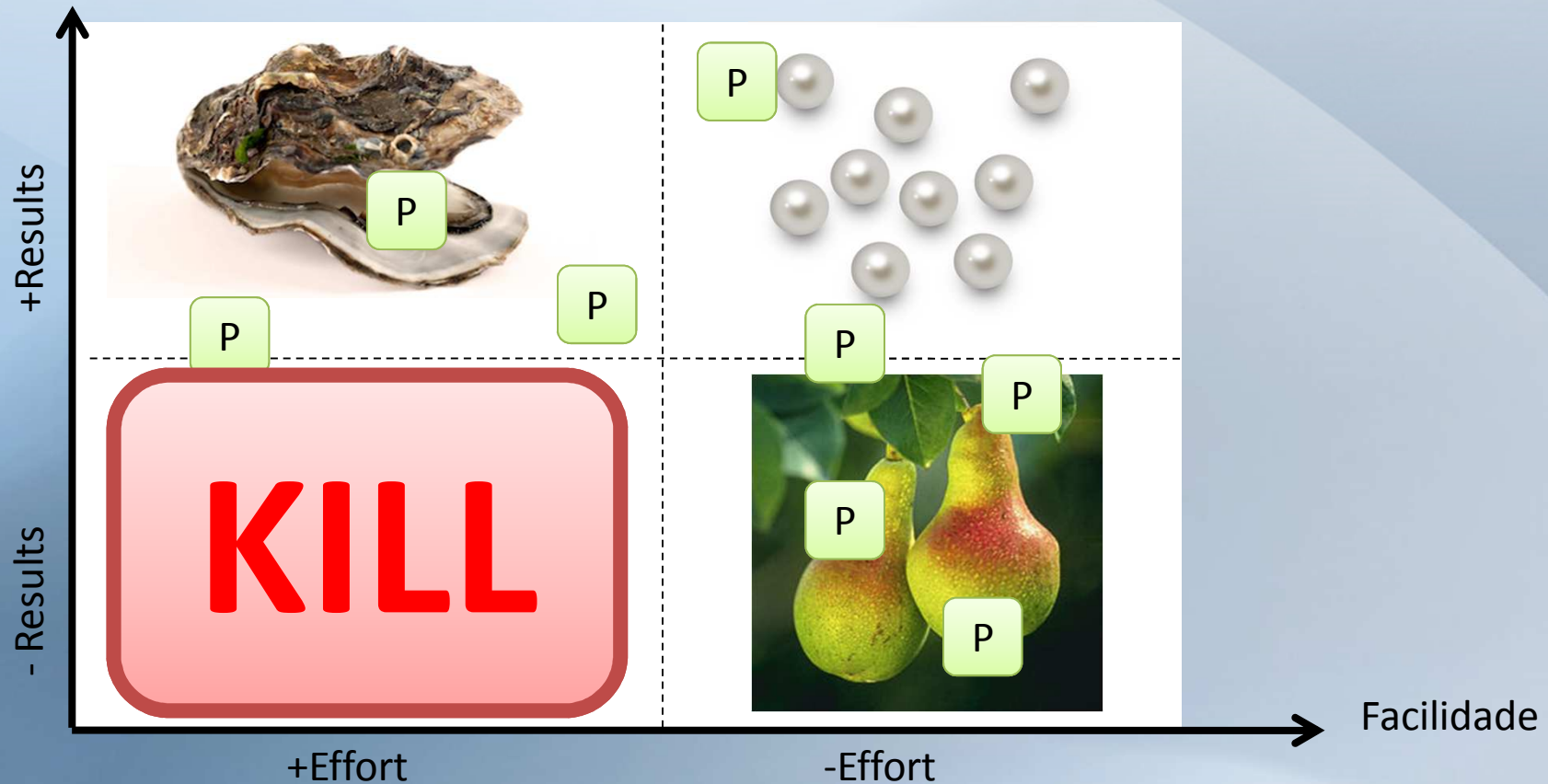


- Introduced by Prof. Boaz Ronen
- Establishes the foundation for evaporating the Management Cloud including the culture associated with improves value generation and flow
- Little know in TOC circles
- Very simple and effective portfolio management tool

First "25"

- Classify Projects in the Portfolio, and...

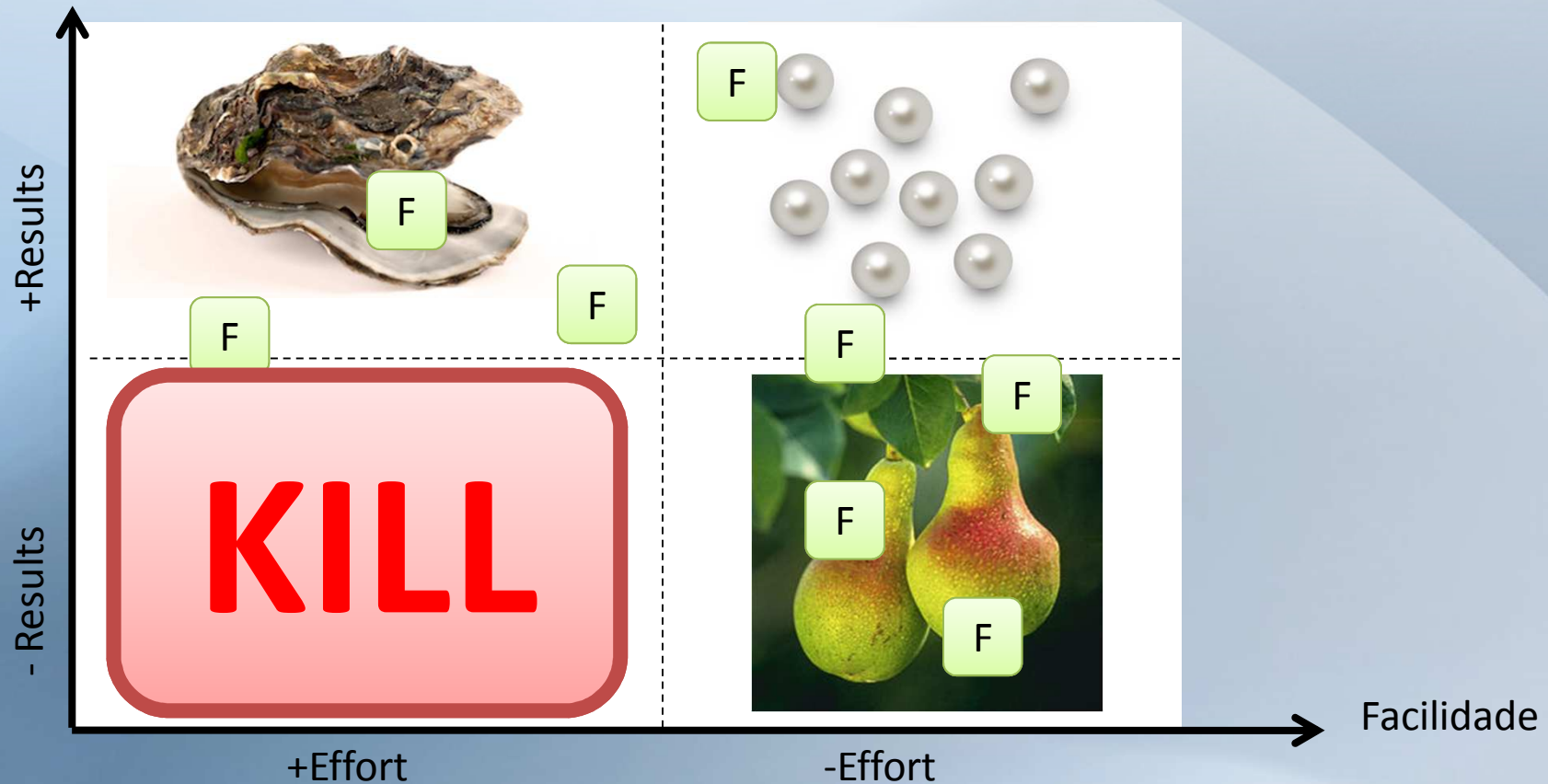
Results



Second "25"

- For each project remaining classify features, and...

Results





Summary



- First “25”
 - Classify projects in a Focusing Matrix
 - Kill 25% (White Elephants)
- Second “25”
 - Classify features in a Focusing Matrix
 - Kill 25% (White Elephants)



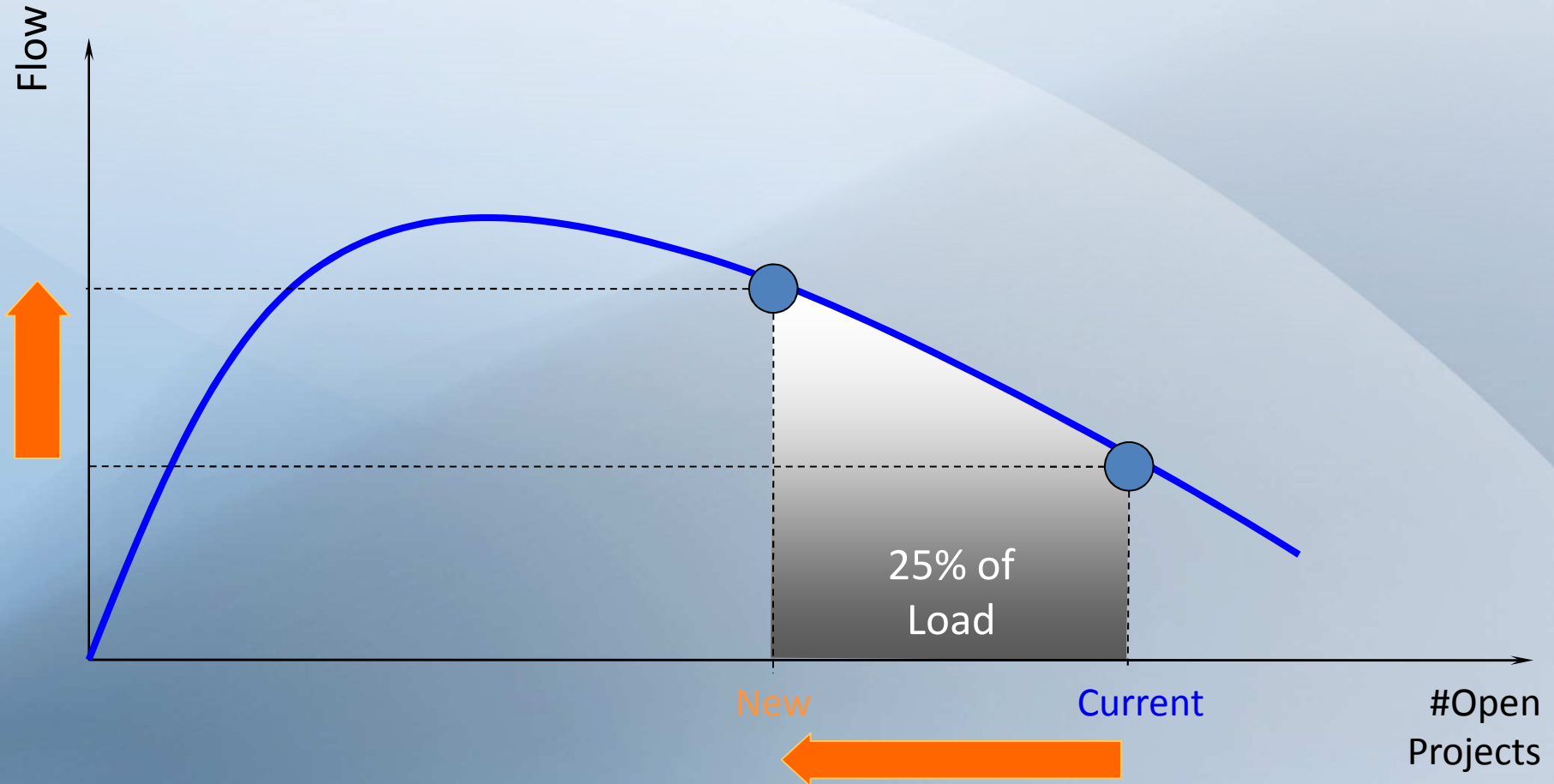
Pre-requisites



- Independence! (projects do not depend on each other)
- Decision makers (sponsors) carrying out the process (not “outsourcable”)
- Keeping the pipeline “dry” – limiting the number of projects after the use of the 25/25
 - Selecting of new projects to start by a Focusing Matrix (Tactical Gating)
 - Sequencing new projects and starting them in order



Reducing bad multitasking





Impact



- Assuming Pareto: white elephants should generate less than 1% of the impact and use up at least 25% of the efforts
- The speed of the other projects should increase significantly
- So: up to 1.5 - 2x the flow speed coupled with keeping 99%+ of the portfolio value.
- (Not considering here the second “25”)



Furthermore



- Multi tasking significantly reduced
- And kept low

More important:

- Development of the 3rd level of ethics
- (people getting used to NOT doing all “good” projects”)

And:

- Opening for the 5 steps and TP



Never say "I Know".

QUESTIONS?



Humberto R. Baptista



- Husband and father changing the world one person at a time
- Scientist seeking to apply science to people's endeavors
- Hunter of hidden assumptions
- Teacher, student and colleague of students
- Believer of values over tools



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