

Task Sets for the Emergent Approach

Task Set 4: Evolve the SAM until Good Enough

The SAM drafted in Task Sets 2 and 3 is now evolved or “worked” as a whole, as described in Chapter 17, EAS. Task Set 4 is a single task that is the heart and soul of the emergent approach—only by evolving the SAM as a whole is it possible to see and understand the full implication of framework components, fitness criteria, and assessments.

So far, you have kept the SAM fuzzy. Every aspect has been provisional (except for any nonnegotiable aspirations or constraints from the parent). Your assessments are wide or missing. Now is the time to get clear. To do so, bring to bear your domain knowledge and all the low-level tools and techniques at your disposal for narrowing assessments and refining SAM elements until a compelling-enough—a fit enough—framework alternative emerges. You get this high-level result by the low-level discipline of destroying all the unfit elements. The chosen alternative is then finalized in Task Set 5 with detailed plans, tactics, metrics, and an implementation package.

It is impossible to say how long Task Set 4 will take. You might say after a few hours, “Hey, we’re jerking around here making guesses about stuff we know little about, so let’s go run an experiment or do some research.” You might also say, “We had better get some outside help.” If you later discover that you moved on prematurely, or that you could have done more, you can return to this task, or to earlier ones, to make things right.

Hint: It is not a weakness to change aspirations. It does not necessarily make you look indecisive. Stay open to discovering what’s possible.

Nearly every chapter of *The Emergent Approach* and Task Sets 1 to 4 contain tools and techniques for understanding and designing frameworks, as summarized in Figure 4.1.

It is easier to draft a SAM than to work it as a whole, so facilitation techniques such as for getting unstuck, drawing people out, brainstorming, housekeeping, and avoiding easy ways out can be helpful (see Techniques That Apply Throughout in the Introduction to the Task Sets).

STRATEGY AND OTHER FRAMEWORK COMPONENT DEFINITIONS AND THEORY Chapters 1, and 3-7	DESIGN PRINCIPLES FOR FRAMEWORK COMPONENTS Chapters 13-17 Task Set 2 Task Set 3 (Scenarios)
THE FIVE DISQUALIFIERS Chapter 8	GUIDELINES FOR WORKING THE SAM AS A WHOLE Chapter 18 Task Set 4
THE SAM AND ITS ELEMENTS Chapter 10	
AGILE FRAMEWORK (THE PUZZLE) AND TEAMS Chapters 11-12 Task Set 1	

Figure 4.1 The Tools and Techniques of the Emergent Approach

Hint: Audit if the team structure is still right and make changes if you find problems with the mix of skills and personalities. Earlier tasks may have not demanded input from people outside your system or organization; now you probably need a more external view.

Bring in Additional Tools and Techniques When Needed

Chapter 17, EAS, references a range of additional tools and techniques for creating variations and stressors to augment the techniques presented or referenced in *The Emergent Approach* (Figure 17.4, EAS). There's no formula to know when to use these; it's usually best to start with the simple ones. It is better to use simple tools and techniques that everyone understands than complex ones that few understand. As mentioned in Chapter 17, spending more time and money doesn't necessarily lead to better truth, but it may raise the probability.

Hint: If your endeavor involves financial modeling, the SAM is already your financial summary. If advanced financial modeling is needed to make assessments, keep the SAM as the front end, showing the results, and link to the detailed model.

Reminder: If you are going to use an advanced simulation or model, use it as early as makes sense.

Caution: Don't fall in love with your tool, no matter how beautiful it is.

Housekeeping for the SAM

The importance of housekeeping was mentioned in the introduction to the task sets. Several techniques have been touched on throughout the emergent approach, including:

- Use links to keep the SAM simple (Chapter 11, EAS), but remember linking to larger documents is not license to create unnecessary detail—minimize ink/photons!
- Use Shorthand. Once the team learns something, you can substitute a shorthand for it. For instance, by naming the results of a model just as you name a scenario or an alternative.
- Merge identical assessments in a row.
- Use subcolumns for alternatives.
- Vertical screen space is always the limitation, to the extent you can, put everything but the SAM on the sides of the screen and minimize menus.

One other simplification technique is to link to a second SAM. For example, one of Courier Inc.'s alternatives for Penetrating New City to Old City Region is to invest in fleet only. But they have a tactical subdecision to make around which kind of vehicles to use in the fleet as in Figure 4.2 where they consider electrics, hybrids, or a mix. They might do the same for a lease-vs-buy decision.

And always keep the SAM on one screen—and with a reasonable-sized font. Use fewer words but spend the time to be sure that everyone understands what they mean. At first you may need more words to express points, but over time, as people internalize, the number of words can decrease.

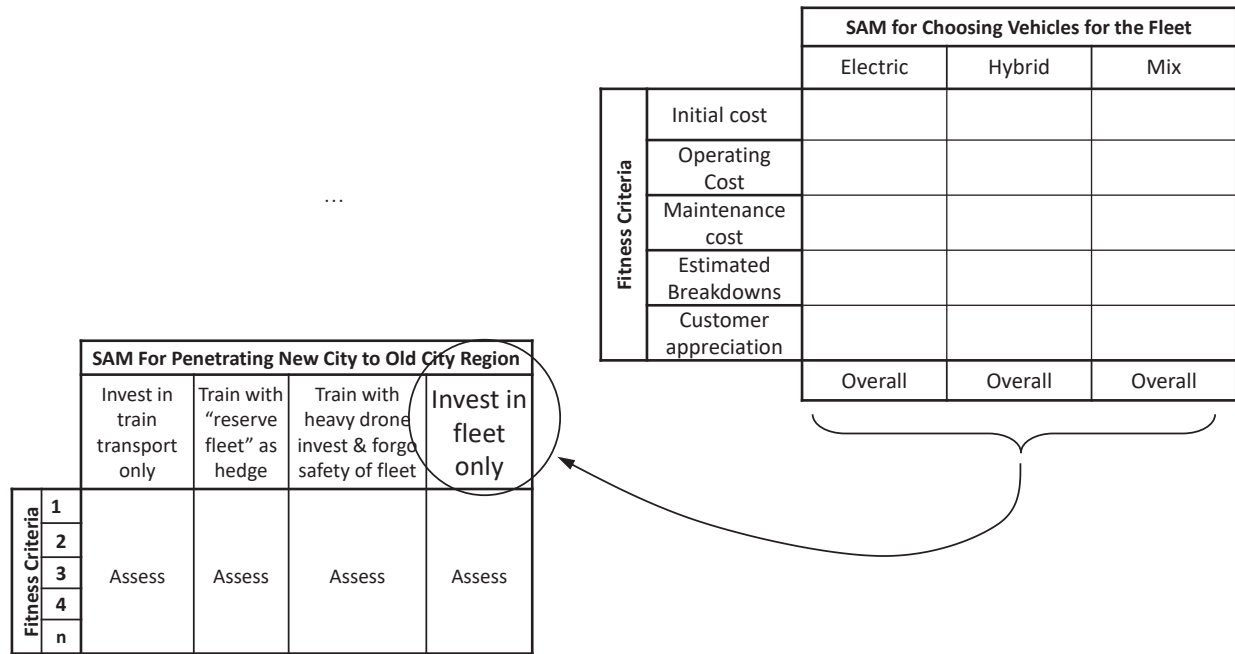


Figure 4.2 Calling the results of a second SAM for a tactical decision into a SAM

Hint: Put the SAM at the top of the document so CTRL-home brings you back instantly if working in Word.

Good Enough to Move On to Implementation

Chapter 17, EAS, supplied a checklist of criteria for judging the fitness of your result enabling you to have the confidence that it is time to move on (Figures 17.2 and 17.3).

Hint. You may use this checklist privately, or with a core team, or with the entire working group. If support is weak, then keeping it private or with a small number of core people may best.



B i k e S h o p

After incorporating scenarios and considering how they change the assessments in Task Set 3, the zTeam was clear that they could make no more progress without talking to prospective partners and investors. The global brands had already contacted you, and Joey Deets used her consulting firm contacts to locate prospective investors.

After good starts, each meeting turned less positive after you shared some financial figures. What you viewed as profitable did not excite the brands and investors. You had thought that a viable shop where you paid yourself a modest salary was financial success. The investors are looking for bigger returns and the global brands have overhead to cover in addition to their shareholders.

The brands were also surprised by how much of your effort was focused on helping at-risk kids. They admired what you are doing, but they were unsure if they could afford to build the competency to take on a service that brought in very little revenue but required significant resources. The brands reach out successfully to school kids, but they focus on helping them become biking enthusiasts, which the zTeam admires (and tried to emulate as well).

If the global brands were nearing any kind of panic due to online buying, they were certainly not letting it show in the meetings. You realize you may have underestimated the brands. Surprisingly, you hadn't had all that much experience with them, and perhaps you have developed a sense of superiority because of your independence.

To recalibrate, you have everyone on the zTeam, including yourself, scope out five bike shops each, global brands and mom-and-pops, that are far enough away that no-one will recognize any of you. Everyone came back with the same view. The chain shops are generally technically excellent. Some of them also have a great vibe and excellent customer service. Some, however, are run by arrogant employees who look down on anyone who is not a serious cyclist. All in all, though, the brands seemed to be doing well. Conversely, the team suspects that it is the mom-and-pops that are most vulnerable, though they didn't see enough of them to make a sound judgement. Mom-and-Pops must deal with online competition but don't have the power of the global brands' technology and marketing behind them to reach the high-end enthusiast community that buys high-margin products.

The zTeam concludes:

- No evidence of panic scenario; if anything, global brands seem to be thriving.
- Mom-and-Pops *may* be having a more difficult time.
- If the brands were to acquire YBI, it would be as an experiment only without real commitment.

- The brands have no interest in partnerships because they believe it would be too complicated.
- It is unrealistic for the brands to adopt the community service model for YBI model, even if they isolated the community service to adapted YBI as a separate branded store type.
- The investor alternative is out.

These conclusions mean you are now forced to reconsider the *Keepin' on* alternative. You eliminate the old diagnosis from *Keepin' on* because it is no longer just a “current” reference point. You ask Joey and Wolfgang to work up a simple model of how many YBI shops could be launched per year over the next five years if you continue to go it alone. They came up with one per year (about the same as you have been doing) if you take a ~\$200,000 loan and two to three per year if you can get a ~\$650,000 loans. The result is disappointing. The money is needed to hire additional management because all the managers who can lead the YBI model will have to become full-time trainers. Joey also points out that the more effort made for disadvantaged kids, the greater the financial burden.

Then, just as you are getting ready to update your SAM, Marie brings up an old topic: Should you aim for government grants and support? You had received some local government support for the after-school programs, but you never really thought about seeking significant money, especially from the national government. By nature, you are a free enterprise person who is not a great fan of big government, and you worry you might lose control over your shops. You also assume working with the government means changing your business to nonprofit status, which may or may not be a problem. On the plus side, the biking advocacy organizations you have connected with would be thrilled with government involvement.

You update your previous SAM 3c with what you learned from the meeting and field work, throwing in a quick and dirty government grants column. The result is SAM 4a.1.

The team takes a break for a few weeks. During this time, you reflect on what really matters to you. Do you value helping at-risk kids so much that it must be part of any alternative? Has YBI

become as much about health and success of people of all types and helping the environment as it is about biking itself? Maybe, moving toward government support isn't so bad. If the government gives tax breaks to multi-billion-dollar oil companies and billionaire hedge fund managers, and they'll bail out financial institutions with their rich managers, why shouldn't they provide support for a program helping children and adults with health and success? We've got a military-industrial complex, an academic-industrial-government scholastic testing complex, and a government-industrial mass-incarceration complex, why can't there be a biking-government complex? You and Marie start investigating government grants in earnest.

Bike Shop SAM 4a.1: After meetings and field work				
Values	Independence; Stay bike people not business people			
Aspirations	Vision: Make biking a bigger part of people's lives Mission: Greatly increase the rate of expansion of the <i>Yo! Bike it.</i> model Goals: ??????????			
Diagnosis	P: Teach <i>Yo! Bike it.</i> EC: TBD S: <i>Blah, Tailwind, Panic, Yo! Lost it.</i> details B: Several possible; see listing.			
Strategy	1 Current: Keepin' on	2 Passive Investors	3 Partners	4 Get acquired
Strategy (< 30 words)	Continue to evangelize with no one's help (or interference)	Gain investors who like what we do, but don't want to actively participate.	Find partner who shares our vision and values; recognize this will narrow the field dramatically.	Get acquired by national chain (does it have to be a bike chain?) that sees <i>Yo! Bike It.</i> as an opportunity.
Key tactics, plans, sub-goals, & metrics	Substantial loans? (Keepin' on only?) August deadline for Decision Metric: biking to business ratio for the zTeam Do something about the confusing number of mobile biking apps			
Fitness Criteria	Speed of expansion	1-3 shops per year	Faster?	
	Quality of expansion (execution)	Full control?	More control?	How judge intent/ability?
	Shared vision with investors and partners		Will it be an issue?	How judge?
	Personal financial risks	\$200,000-550,000 loan		\$0 loans; but if an "experiment," financial situation if they quit?
	Time required to run business vs. working in the biking world	Bad!!!!!!		
	Profit potential	Eh		
		Yo. Lost it and Panic bad news		Panic could be good or bad
		Tailwind good news		

5. Grants

Feasible from gov't others?

Loss of control?

How long To get?

No panic evident

Help or hurt?

Louise Harris

As you were becoming resigned to continuing alone, perhaps with government grants, Joey Deets mentions a new possible investor. Louise Harris made a fortune in software and five years ago stepped down to run her *Louise Foundation*

full time, a foundation created 12 years earlier focused on improving education in public schools. She heard about YBI from a colleague of Joey's, and despite that all you have is five little bike shops, she was intrigued.

She started the Louise Foundation based on the diagnosis that the bottleneck to good education is the schools themselves. She funded training for teachers and administrators, while also funding lobbying for disciplinary action, including dismissal, for administrators and teachers in low-performing schools based on student standardized test scores. But after 12 years of this strategy yielding little results, Harris changed her mind. While teaching quality is uneven, she now believes it is the environment outside of school that largely determines educational success, including parental involvement.

To bust this bottleneck, her strategy now is that all foundation investment must be directed toward programs that create positive environments for kids outside school hours. The foundation partners with organizations that provide supervision and coaching for at-risk kids, including the El Sistema music program, Boys and Girls Clubs, and local parent- and faith-based-led organizations. But YBI intrigued her not because you provide the after school and weekend programs for at-risk kids that she wants, but because you make enough money to run the bike shops while doing so. Her ideal situation is to enable communities to build self-sustaining programs.

Over the next two months, several meetings take place, including a one-on-one with Ms. Harris, and the Foundation sends several people to observe YBI shops and after-school programs. The result (amazingly) is that the foundation:

- Offers to support YBI with a five-year commitment, including \$120,000 per new shop opening, starting with two in the first year and ramping to five in the fifth, for 19 shops total.
- Recognizes that once the bottleneck of financial resources is resolved, the new bottleneck is finding shop managers who can both evangelize and manage the relationships with the organizations that run the after-school and weekend programs.
- Offers to expand their training program to include the YBI model.
- Sees the need for a recruiting strategy, is willing to participate, and wants a framework proposal from the zTeam.

- Demands, in return for the support, your business will need to: (1) Follow the Foundation core values around people treatment, diversity, and community ethics. (2) Achieve the minimum agreed community service for each shop. (3) Report progress and adherence quarterly in the foundation format. (4) Advertise the Foundation as the lead sponsor.

As you discuss the news to the zTeam, it seems perhaps too good to be true. But the team realizes this is now as much a commitment to community service as it is to biking, and if after five years, Harris isn't happy, then what? Marie points out that they can go back to the old days, which seem to work, but somehow going back doesn't sound so easy. There's also the constraint of the Foundation rules and requirements, which after inspection appear to be reasonable, but will still require managing systems and reporting.

You update and clean up the SAM 4a.2 reflecting the Harris Foundation potential. Gone are the *Passive investor* and *Get acquired* alternatives. In addition to a joining up with Harris alternative, you are still considering government grants. It turns out that the government is considering lifting the policy that only nonprofits can receive large grants. The team had agreed that going nonprofit made no sense, so you capture the possibility of the new legislation with two scenarios for government grant alternative.

One other issue is that both Harris and the zTeam are sensitive to the issue that, with added funding, YBI shops may be able to compete better with brands and Mom-and-Pops. This is added as a fitness criteria, replacing shared vision, because shared vision is no longer in question with the alternatives in question. No one is sure what do about this issue, but it is noted in the SAM.

So, you and the zTeam are down to three alternatives. And in reality, because of the scenario of government lifting the nonprofit requirement, it can be almost thought of as two: either accept the Harris Foundation proposal and go all in with them, or *Keepin' On* with the possibility of significant government support if they lift the nonprofit requirement.

Though the Louise Foundation opportunity is extraordinary, considering where you started just seven years ago, once again you are faced with losing your independence.

You are unsure of what to do, and you consider putting Harris on hold and digging deeper into determining the probability of the government relaxing its constraints on grants. You even consider taking on another discussion with the brands. Maybe, the idea of a YBI division that they don't try to integrate with their main shops is a reasonable idea. They run their businesses well, so maybe they have the skill for the differential management required to run two different types of shops.

Bike Shop SAM 4a.2: After Meeting with Louis Harris					
Values	Independence; Stay bike people not business people				
Aspirations	Vision: Make biking a bigger part of people's lives Mission: Greatly increase the rate of expansion of the <i>Yo! Bike it.</i> model Goals: ??????????				
Diagnosis	P: Teach <i>Yo! Bike it.</i> EC: There are strict government and Harris foundations requirement. B: Financial resources for expansion				
Strategy	Keepin' on	Grants		Harris	
Strategy < 30 words	Continue <i>Yo! Bike it.</i> with only loans and small grants.	Pursue government grants to speed expansion betting that the government will allow for-profit companies		Enter 5-year program with Harris Foundation—Accept her conditions	
Key tactics, plans, sub-goals, & metrics	August deadline for Decision Metric: biking to "other" ratio for the zTeam Do something about the confusing number of mobile biking apps				
Scenarios		Gov't continue grants for non-profit only	Gov't allows grants for for-profit		
Fitness Criteria	Speed of expansion (shops per year)	1-2	1-2	1-3	2 ramping to 6/yr. over 5 years; 15 total
	Quality of expansion (execution)	Excellent		Excellent expected but risk of government requirements constraining.	Excellent expected
	Shared vision with investors and partners Conflict avoidance with other shops				
	Personal financial risks	\$200,000-650,000 loan			\$0 loans; but If Harris an "experiment," financial situation if they quit?
	Time required to run business vs. working in the biking world	Bad!!!!!!	Big effort to become non-profit and get grants	Big effort to get grants	Will not have to spend time getting money, but will spend a lot of time on helping people with biking rather than enthusiast biking.
	Profit potential	Perhaps 10-20% worse than has been because of loans.			Perhaps 10-20% better than Keepin' on
		If government accepts for profit, can always get grants	Will not become a non-profit, therefore, this alternative is the same as Keepin' on plus wait to see if the government regulation changes.		Can we accept the constraints?

Wrenchy stops you. He says, “Look, you love biking, but you love helping people too, especially these kids at risk. You can blend the two together if you go with Harris. Sure, it means a lot of management, but you still get to have your bike shops and if you get more good people to help you like Marie and Wolfgang, you might even take a few shifts at a shop now and then.”

You know he’s right, and you decide to jump in with the Foundation—there’s just too much potential for doing good. The rest of the zTeam is brought on board, all of them pretty much in agreement. After signing with Harris, you embark on solving what everyone agrees is the next bottleneck, and that is ability to recruit talented shop managers who can evangelize and create great working relationships with the community partners.