SOS2ROI Case Studies

Top Five Mistakes Leaders Make When Battling the Complexity Monster

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Larry Haas is the Founder and CEO of Global Aperture LLC, a management consulting firm specializing in helping organizations improve and transform to achieve their strategic goals. The transformation approach he has developed is featured in his book, *SOS to ROI – A Strategic Approach to Conquer the Complexity Monster and Accelerate Results*.

As a consultant and speaker, Larry’s work has spanned a cross section of functional areas in industries such as Aerospace and Defense, Agriculture, Services, Corrections, Food and Beverage, Homeland Security, and Non-Profit.

Clients and colleagues often refer to Larry’s “sixth sense” ability to see into situations to clarify the complicated and conquer the complex. This skill has provided consistently more boldness for leaders, clearly-defined action for teams, and operational and financial impact for organizations.

Prior to founding Global Aperture, Larry served as a consultant and leader in organizations such as Procter and Gamble, Deloitte, Diamond Consultants (now part of Price Waterhouse Coopers), The Boeing Company, and as an officer and program manager in the United States Air Force.

Larry is a Hall of Fame alumnus of Columbine High School in Littleton Colorado. He received his BS in Aerospace Engineering from the University of Arizona, and his MBA with emphasis in finance and strategy from the UCLA Anderson school where he has served as the Vice President of the alumni Board of Directors.

Larry Lives in the Los Angeles area with his two sons Matthew (“Matt”), Scot, and daughter Kate.
Flow for Today

- Quiz
- Complexity Primer
- Case Studies – SOS Moments
- Discussion
Transforming from SOS to ROI

Assessment approach identifies WHAT must be done and HOW

Implementation system drives priority RESULTS with HIGH confidence

BUILD CAPABILITIES
High-impact enhancements - adapt & compete

BROADEN ALIGNMENT
Diverse stakeholder vantage points, priorities

CREATE THE PLAN
3-Stage Process™, embedded risk mitigation, quick start, kickoff

REPAIR THE SYSTEM
Short-term fix, permanent fix, prevention

FOCUS EXECUTION
Prioritized implementation - Now, Next, Monitor™

CONFRONT THE CHALLENGE
Face, contain, identify systemic “root causes”

CONSTRUCT THE ROADMAP
Strategic Improvement Roadmap™, built right-to-left

MANAGE THE PORTFOLIO
Architect management system, defend, renew

It all starts with an SOS Moment
SOS Moments Come in Two Forms

The Burning Platform

“Oh no”

The Massive Opportunity

“Here we go”
Flow for This Morning

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- Complexity Primer

- Case Studies – SOS Moments

- Discussion
Complexity is Driven by Three Factors

- **Multiplicity** - The number of nodes in the system

Source: HBR 2014, Learning to Live with Complexity

The more nodes in the system, the more complex
Complexity is Driven by Three Factors

• **Multiplicity** - The number of nodes in the system

• **Diversity** – The degree of “sameness” of the nodes

Source: HBR 2014, Learning to Live with Complexity

The more diverse, the more complex
Complexity is Driven by Three Factors

- **Multiplicity** - The number of nodes in the system
- **Diversity** – The degree of “sameness” of the nodes
- **Interdependence** – the connectedness of the nodes

The more connectivity, the more complex

*Source: HBR 2014, Learning to Live with Complexity*
A Complexity Continuum

Although an A&D system can be modeled, often, the business system building it cannot
1. Ignore it – “it will settle down”
2. Attempt to model it / master it – “we can figure it out”
3. Get paralyzed and do nothing – “I’m just not sure”
4. Not removing bad complexity – “that’s how we do it”
5. Fail to acknowledge good complexity – “complexity sucks”

The Complexity Monster is on the loose, and leaders need to wage the battle
Instead, Do This

Regularly

• **Remove** Unnecessary Complexity (e.g. VW, Boeing)
• **Restrain** Critical Complexity (e.g. regulations, customization)
• **Reinforce** Good Complexity (e.g. organizations, teams)

And when in strategic change:

• **Try** something sensible, and watch for patterns
• **Respond** to patterns and adjust
• **Maintain** situational awareness

Battling complexity is a lot like fishing – go with what’s working
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SOS Moment 1 — Cold Brew

Cold Brew is “HOT”
Cold Brew Primer

- Brew Container
- Filter
- Coffee Grounds
- Water
- 12-24 hours

- Smooth, rich concentrate
- Low acid
- Mix with water, milk, ice (hot or cold)
- Store in fridge for 2 weeks

Hence, all the rage
SOS Moment 1 - Cold Brew

Situation – Midwest B2B, B2C Equipment Supplier

• Growing trend in coffee – 12-24 hr. “brew” process – smooth, non-acidic, “hip”
• Doing well, yet operationally constrained – difficult to scale with $$$ or people
• The “big guys” began to test and experiment with equipment (2012)
• SOS moment – phone call - Can You Supply North America??? (Aug 2014)
  – Demand picture becoming highly complex, impossible to track

Solution

• Don’t try to figure out the demand puzzle, just build a scalable business solution to take advantage of the demand spike...then grow

Result

• Capacity increase with no additional labor, Revenue increase, Margin Increase

Cold Brew Fast Becoming “table stakes” for Small to Medium-sized Coffee Shops and Major Chains – WORLDWIDE!!
SOS Moment 2 — Contraband Cellphones in Prisons
SOS Moment 2 — Prison Managed Access

• Situation
  — Contraband cellphones allow prisoners to deal drugs, run illegal businesses and even organize murders, right under the noses of the guards and wardens — using highly creative means — complex to track and manage
  — Black market value = $1500/phone
  — **SOS Moment — 100% embarrassment to prisons**

• Solution
  — We helped prison service provider partner with major defense firm to create “managed access” solution
  — Cellphones inoperable (BLACK/WHITE) — stymies demand

• Result
  — Pilot testing continues in several states (TX, AL, CA)
  — Many rolling out solutions in both public and private prison applications

**Approach — Render the Complexity Monster Obsolete**
Situation (a few years ago)

- Unprecedented ($10B+) new business opportunities in space – continual change in award schedules
  - Win all – hire 2000
  - Lose all – lay off 1500
- Existing programs largely cost+
- What to do? What to say?
  - Employees
  - University Recruiters
  - The “boss”

New Opportunities

Existing Programs

- COMMERCIAL
  - NASA
  - USAF1
  - USAF2
  - NOAA
  - NRO
  - CLASSIFIED

PROG1
PROG2
PROG3
PROG4
PROG5

Too Many Moving Parts to Model Discretely

Staffing Driven By Program Needs
Solution

- Contingency planning supported by daily “command center” cross-functional interactions plus staffing demand modeling based on Pwin, Pgo, Pprotest, EAC’s on existing programs, skills needs
- “Most Likely” case changed weekly - drove communications plan
- Predict, act, respond, update, predict...

Result

- Won some, lost some, but saved $30M by being ready to respond at a moments notice
Summary

• **SOS Moments** drive the necessity for decision-making
  – Often revealing system weaknesses

• The **Complexity Monster** is here to stay – the world can no longer be discretely modeled - leaders must adapt

• It is possible to win the battle for huge **ROI**
Thank You!

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Helping YOU transform from SOS2ROI